UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Distr.
LIMITED

ST/ECA/CTNC/9
31 March 1982

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Joint ECA/UNCTC Unit on
Transnational Corporations

THE CENTRAL MARKETING SYSTEM FOR COFFEE IN THE UNITED REPUBLIC OF TANZANIA

An alternative to involving transnational corporations
in the marketing of export-oriented primary commodities

Opinions expressed in signed articles are those of the authors and do not necessarily reflect the views of the secretariat of the United Nations Economic Commission for Africa.

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INTRODUCTION

1. The purpose of this project is to examine how the central marketing system for coffee in the United Republic of Tanzania has been used as an alternative to involving transnational corporations in the marketing of this commodity. The paper will mainly dwell on primary marketing and marketing for export, which is the main theme of it, and try to explain how the growers engage in the various aspects of the preparation of their coffee and sell it through one apex organization, the Coffee Authority of Tanzania.

2. Although briefly, special phenomena, steps, economic and social factors, such as ecological environment, husbandry, processing, procurement and curing of coffee in the United Republic of Tanzania have been discussed in so far as they determine the quantity and quality of the produce and the value to be expected therefor.

3. The paper also takes cognizance of distribution of gains from coffee sales between the only two beneficiaries, the coffee grower and the Government.

4. Despite the success achieved by the Coffee Authority of Tanzania in most of its central coffee marketing objectives, nevertheless observation reveals its inability, in the past, to advise the growers how to increase production and its ostensible dereliction in selling the product either directly to the roasters overseas in the raw form, or roasting and packing it in the country for export as a finished product ready for consumption. The reasons therefore, among them being lack of monetary incentives to the growers because of very high taxation on the crop, the belief that the auction sale system has, so far, offered prices which are better than those obtained from other systems of marketing and avoidance of overpricing the finished product, are discussed in the text and more liberally in the summary and conclusions to the report.

5. The contents of this report were obtained by means of direct observation, discussion with the officials of the Coffee Authority of Tanzania and the Ministry of Agriculture and consulting the International Coffee Organization's documents and statistical publications, the Tanzanian Government statistical bulletins; the Bank of Tanzania's economic and operation's reports and existing literature on the subject.

I. TANZANIAN COFFEE INDUSTRY

A. General

1. The country

6. The United Republic of Tanzania with a land area (1) of 886,177 km^2 and a population of 17.6 million people (2) lies within latitudes 1° and 12° south, bounded on the north by Kenya, on the west by Uganda, Rwanda, Burundi and Zaire, on the south by Zambia, Malawi and Mozambique and on the east by the Indian Ocean.

7. Apart from Lakes Victoria, Tanganyika and Nyasa, its main physical features are mountain masses in the north, west and south bounding vast and semi-desert plains. It is on the slopes of these mountains that most of Tanzanian coffees are grown - Kilimanjaro, the highest mountain in Africa (5895 meters), Meru (4566 meters), Oldeani (3188 meters), and the Pare and Usambara ranges: (2113 - 2462 meters), all in the north, the Bukoba escarpments (1341 - 1764 meters) in the west and Mts. Matengo, Rungwe, Mbeya and Mbozi (1114 - 1744 meters) in the south. Thus coffee is mainly grown between the altitutes of 1,000 and 2,000 meters.

The main coffee producing areas are shown on the map in Annex I.

2. Tanzanian position in the world coffee industry

8. By world standards, the United Republic of Tanzania is a small-scale producer. As will be explained below it accounted on the average for only 82/,000 bags of 60 kgs each of exportable clean coffee over the crop years 19/5/76 to 1980/81 or 1.5 per cent of the total world exportable coffee production.

9. Because of the small coffee quantities, it cannot influence the world market but can be affected by changing world supply conditions which it is in no way to affect as, for example, Brazil, Colombia and the Ivory Coast can do. The big producers are in a position to determine coffee prices and thus force the United Republic of Tanzania to sell at prices determined by them.

10. It is a fact that the United Republic of Tanzania produces coffee which is different from that of the other origins, but it should be noted that prices of all types of coffee are affected by the prices of coffee from big producers because there is a degree of substitutability among the different types which is related to price levels. Moreover the type of coffee produced by the United Republic of Tanzania is produced in greater quantities by Kenya and Colombia, the latter being one of the two top producers of the world.

11. Although the United Republic of Tanzania can, without problem, dispose of all its coffee nevertheless in a world of coffee glut, in the market, it has had to co-operate with other world coffee producers by joining the International Coffee Organization (ICO) to improve and protect its prices.

12. Thus the United Republic of Tanzania believes that whatever it does with the balance of its production potential, it can in no way either affect the total world coffee production or exert an impact which would damage the global coffee price structure although such an undertaking would significantly improve the life of its rural population. It has, therefore, decided to go all the way to increase both the quantity and the quality of its coffee.

13. Table 1 depicts the world supply and distribution of green coffee in the 1947/48 - 1980/81 crop years.

3. Tanzanian position in the African coffee industry

14. Most African countries south of the Sahara and within latitudes 15° north and south of the equator, produce a certain amount of coffee, and most of them for export.

15. Quantitatively Africa's share in the total world exportable coffee production has been substantial. On the average between the crop years 1975/76 and 1980/81, Africa produced some 15,991,500 bags per annum or 28.4 per cent of the total estimated world exportable coffee production of some 56,197,660 bags. The United Republic of Tanzania's position accounted for 5.2 per cent of the African coffee production and 1.5 per cent of the total estimated world exportable coffee production or some 827,300 bags p.a. Table No. 2 shows the percentage share of each producer country in total estimated world coffee production and the percentage share of individual African producer countries in total estimated African coffee production during the years under review (3).

16. The following is the ICOs observation regarding prices fetched by Tanzanian Arabica Coffee.

> "Tanzania coffee frequently commands a price above the average for all exporting members. This differential which was especially marked in 1976 and 1977, reflects the fact that between 70 and 80 per cent of production is of mild Arabica which tends to sell at prices above those obtained for other types of coffee. However, the unit value of Tanzania coffee is normally below the average for the Colombian Milds group, to which it belongs, largely because of the cheaper unwashed Arabica and Robusta types which Tanzania also exports".
>
> Table 3 gives further details.

Table 1. World supply and distribution of green coffee, 1947/48 to 1978/79
(Thousands of bags of 60 kg. each)

Year	Beginning carry-over	Total production Brazil (Million bags)	Total production World (000 bags)	Total supply	Net export	Domestic distribution	Ending carry-over
1947/48	17,050		34,618	51,668	30,848	8,292	12,528
1948/49	12,528		39,095	51,623	32,266	9,330	10,027
1949/50	10,027		37,615	47,642	31,295	8,304	8,133
1950/51	8,133		38,164	46,297	31,593	8,163	6,541
1951/52	6,541		38,530	45,071	32,152	7,646	5,273
1952/53	5,273		41,513	46,786	32,939	8,236	5,611
1953/54	5,611		43,996	49,607	33,458	9,656	6,493
1954/55	6,493		42,188	48,681	29,219	8,266	11,196
1955/56	11,196		50,348	61,544	38,296	6,731	16,517
1956/57	16,517		45,420	61,937	36,203	10,778	14,956
1957/58	14,956		55,009	69,965	37,340	8,779	23,846
1958/59	23,846		61,665	85,511	38,977	9,664	36,870
1959/60	36,870		78,919	115,789	42,351	12,496	60,940
1960/61	60,940		65,768	126,708	44,220	12,954	66,534
1961/62	66,534		72,043	138,577	45,361	13,768	72,448
1962/63	61,148*	29.1	67,404	128,552	46,150	13,988	67,019
1963/64	67,019	24.0	70,998	138,017	51,327	17,582	69,108
1964/65	69,108	15.9	50,613	119,731	41,560	13,902	64,259
1965/66	64,259	40.3	81,604	145,863	47,603	15,245	83,015
1966/67	83,015	18.6	60,577	143,592	50,268	16,134	77,190
1967/68	77,190	21.9	68,612	145,802	53,483	16,891	75,428
1968/69	75,428	17.4	61,068	136,496	52,669	17,658	66,169
1969/70	66,169	14.8	66,362	132,531	53,346	18,284	60,901
1970/71	60,901	10.3	58,321	119,222	52,552	18,211	48,459
1971/72	48,459	25.7	71,854	120,213	57,959	18,803	43,551
1972/73	53,820	25.4	67,841	121,661	61,341	17,176	43,144
1973/74	43,144	26.9	75,710	118,854	53,433	17,180	48,241
1974/75	48,241	22.4	73,990	122,231	56,398	16,603	48,730
1975/76	48,730	6.7	55,424	104,154	61,769	16,551	25,834
1976/77	25,834	16.0	68,383	94,217	46,913	17,018	30,286
1977/78	30,286	20.3	73,232	103,518	55,134	16,761	31,623
1978/79	31,623	19.5	75,926	107,549	63,179	17,531	30,643
1979/80	30,643	18.4	78,020	108,600	60,927	18,256	29,480
1980/81	29,480	30.0	90,954	120,434	60,147	18,594	41,693

Source: ICO

17. Another contributory factor to the high prices obtained for Tanzanian coffee is the system of marketing which will be explained below.

T.S. Jervice has praised the Tanzanian Robusta coffee industry, centred on Bukoba, in the following words:

> "There is something definitely romantic about Bukoba coffee because here was the genesis of coffee industry in East Central Africa, accounting for a production to-day of approximately 70,000 tons from Tanganyika, Uganda and Kenya" (4).

18. Besides this pioneering approach to systematic coffee market operations and despite its small quantity, Tanzanian Robusta or "Bukobas" is quoted on its own and used by the London Coffee Market Terminal as standard for other quotations, along with Ambriz and Uganda, because of its outstanding qualities.

4. Geographic distribution of Tanzanian coffee production

19. As has already been explained, coffee in the United Republic of Tanzania is mainly grown in mountainous and frontier areas of the country. The regions of of production and their contributory yield figures are shown in table 4. (See also the map in Annex I).

B. The importance of coffee in the Tanzanian economy

1. National economy

20. About 94 per cent of the population of the United Republic of Tanzania lives in rural areas. The agricultural sector provides livelihood for about 90 per cent of the population of 17.5 million, and accounts for about 40 per cent of GDP (half of it being consumed by growers themselves) and over 75 per cent of foreign exchange earnings in addition to being an important contributor to government revenues through taxation (5). Of all the agricultural industries Tanzanian coffee plays the most important role in the country's economy.

The comprative contributions of the main agricultural crops to the national income are given in table 5.

Table 2.

Estimated world exportable production
October - September 1975/76 to 1980/81
(000 bags of 60 kgs.)

Exporting member	(1) 1975/76	(2) 1976/77	(3) 1977/78	(4) 1978/79	(5) 1979/80	(6) 1980/81	Average (1)-(6)	As a percentage of total world production (a)	Individual African members' production as percentage of total African production (a)
TOTAL	47,343	46,408	54,471	62,822	59,506	66,636	56,198	100	100
Sub-total: Members entitled to a basic quota	45,247	44,405	52,447	60,585	57,328	63,917	53,988	96.1	
Colombia milds:	9,458	10,596	11,774	13,080	12,778	12,829	11,752	20.9	
Colombia	7,335	8,134	9,643	11,062	10,431	10,575	9,530	16.9	
Kenya	1,204	1,679	1,313	1,192	1,601	1,382	1,395	2.5	8.7
United Republic of Tanzania	919	783	818	826	746	872	827	1.5	5.2
Other milds	12,632	12,897	15,324	16.862	16,308	16,585	15,101	26.9	
Costa Rica	1,104	1,156	1,303	1,566	1,214	1,717	1,343	2.4	
Dominican Republic	748	482	755	462	676	622	624	1.1	
Ecuador	1,519	1,137	1,596	1,370	1,232	1,388	1,374	2.4	
El Salvador3	1,614	2,445	2,675	3,228	3,125	2,480	2,595	4.6	
Guatemala	1,761	2,170	2,263	2,501	2,175	2,223	2,182	3.9	
Honduras	543	576	931	1,024	1,020	1,220	886	1.6	
India	760	1,004	1,295	1,022	1,696	1,417	1,199	2.1	
Mexico	2,514	1,734	2,019	2,966	2,304	2,600	2,359	4.2	
Nicaragua	714	774	881	897	936	869	845	1.5	
Papua-New Guinea	675	699	760	808	835	917	782	1.4	
Peru	680	720	846	1,018	1,095	1,132	915	1.6	
Unwashed Arabicas	9,104	5,856	12,968	15,941	13,851	18,350	12,678	22.6	
Brazil	7,826	4,507	11,633	14,474	12,298	16,650	11,231	20.0	
Ethiopia	1,278	1,349	1,335	1,467	1,553	1,700	1,447	2.6	9.1
Robustas	14,053	15,056	12,381	14,702	14,389	16,148	14,455	25.7	
Angola	1,029	930	926	548	264	370	678	1.2	4.2
Indonesia	2,037	2,505	3,430	3,653	4,016	4,321	3,327	5.9	
JAMCAF	((7,734)	(7,592)	(5,392)	(7,658)	(7,110)	(8,074)	(7,260)	(12.9)	(45.4)
BENIN	18	16	2	2	1	9	8	.1	

Table 2. cont.

Exporting member	(1) 1975/76	(2) 1976/77	(3) 1977/78	(4) 1978/79	(5) 1979/80	(6) 1980/81	Average (1)-(6)	As a percentage of total world production (a)	Individual African members' production as percentage of total African production (a)
United Republic of Cameroon	1,455	1,281	1,344	1,604	1,624	1,678	1,498	2.7	9.4
Central African Republic	140	155	153	88	185	209	155	.3	1.0
Congo	28	36	60	90	45	62	53	.1	.3
Gabon	3	4	2	5	9	14	6	-	(*)
Ivory Coast	5,107	4,782	3,087	4,677	3,908	4,666	4,371	7.8	27.3
Madagascar	838	1,142	663	1,088	1,167	1,236	1,022	1.8	6.4
Togo	150	176	81	104	171	200	147	.2	.9
Uganda	2,288	2,630	1,799	1,814	1,898	2,300	2,121	3.8	13.2
Zaire	965	1,399	834	1,029	1,101	1,083	1,069	1.9	6.7
B. Sub-total: Members exempt from basic quota	2,096	2,002	2,024	2,237	2,180	2,724	2,211	3.9	
Arabicas	1,605	1,344	1,455	1,460	1,490	1,781	1,523	2.7	
Bolivia	74	114	60	111	127	147	105	.2	
Burundi	323	320	339	453	345	433	369	.7	2.3
Haiti	364	264	317	236	411	343	323	.6	
Jamaica	22	15	14	14	17	15	16		
Malawi	2	3	3	4	4	6	4		(*)
Panama	3	13	60	35	50	64	37	.1	
Paraguay	38	25	71	80	53	177	82	.1	
Rwanda	507	401	320	452	424	404	418	.7	2.6
Venezuela	222	189	271	75	59	192	168	.3	
Robusta	491	659	569	777	690	943	688	1.2	
Ghana	41	55	22	9	38	43	34	.1	.2
Guinea	17	33	10	54	28	74	36	.1	.2
Liberia	62	156	146	157	150	204	140	.2	.9
Nigeria	109	31	37	31	12	33	42	.1	.3
Philippines	172	196	225	268	268	376	251	.4	
Sierra Leone	52	144	100	221	169	183	145	.2	.9
Trindad and Tobago	28	44	29	37	25	30	34	.1	

Source: ICO document EB 1886/81 (Columns 1-6).

Note. * Gabon and Malawi produce about 0.04 per cent and 0.02 per cent respectively.

Table 3. Unit value of exports, f.o.b., 1971 to 1979

(US cents per lb)

	1971	1972	1973	1974	1975	1976	1977	1978	1979
United Republic of Tanzania	40.43	44.09	52.09	58.15	52.02	119.64	223.12	144.46	142.08
Average of all exporting members	37.76	41.90	51.04	57.65	54.62	105.24	195.88	147.85	145.55
Colombian milds	45.37	39.27	64.35	57.71	66.86	124.19	224.95	175.30	151.33

Source: ICO and ICO Coffee in Tanzania, an economic report, 1978, p. 10.

Table 4.

Coffee

(Deliveries to T.C.C. Co. Ltd. (Mil

(in tons - gr

	Northern zone									Western z
	Kilimanjaro Small Holder		Acc Est	Arusha		Tanga		Morogoro	Kagera	
	Mild Arab		Mild Arab	Arab	Rob	Hard Arab	Rob	Rob	Hard Arab	
1962/63	5,989		-	1,161	-	561	-	-	6,659	1,511
1963/64	11,122		-	1,659	70	461	-	-	6,501	2,218
1964/65	10,232		-	1,418	179	204	-	—	7,685	1,815
1965/66	16,710		-	1,968	593	313	98	98	10,019	3,779
1966/67	14,815		-	2,027	310	180	80	100	8,057	2,437
1967/68	12,746		-	2,371	882	200	223	46	10,044	4,310
1968/69	16,087		-	2,558	405	287	107	70	9,064	3,080
1969/70	10,761		-	1,648	372	100	113	174	11,807	3,075
1970/71	13,087		-	2,496	266	200	287	83	9,065	1,958
1971/72	17,510		-	2,879	872	10	172	127	9,406	3,090
1972/73	14,103		-	3,461	737	80	301	93	9,960	1,731
1973/74	10,504		979	2,116	464	200	84	76	11,267	3,070
1974/75	19,987		2,333	3,938	885	90	481	127	8,615	3,193
1975/76	20,081		2,683	4,396	454	12	251	237	10,543	2,042
1976/77	16,508		2,901	5,327	763	5	171	161	10,829	2,082
1977/78	17,766		2,288	4,312	890	-	-	430	11,318	2,044
1978/79	11,382		1,758	4,147	504	-	-	383	12,776	2,097
1979/80	13,364		1,294	3,787	302	12	159	226	13,956	2,445
1980/81*	23,108		2,194	6,933	629	70	82	84	11,437	N.A.

Source: CAT

Note. * Deliveries up April 1981.

roduction
s) and Tanga T.C.B. warehouse (hards)
en equivalent)

ne		Southern zone				T.C.G.A.		Total per type		
ra d anza	Kigoma	Mbeya	Ruvuma	Iringa	Est	Est	Mild	-	-	
rd ab	Hard Arab	Mild Arab	Mild Arab	Mild Arab	Mild Arab	Rob	Arab	Rob	Hard Arab	GRAND TOTAL
	14	2,606	1,805	56	8,280	21	19,911	7,241	1,511	28,663
0	21	1,729	1,729	71	9,858	9	26,323	6,971	2,468	35,762
2	11	1,743	1,001	85	7,764	12	22,434	7,991	1,908	32,242
4	95	3,422	1,960	122	12,618	9	37,499	10,341	4,131	51,960
8	65	3,210	1,637	79	11,162	6	33,305	8,343	2,955	44,613
4	70	2,855	2,298	122	9,528	7	30,872	10,297	5,057	46,226
0	53	3,497	3,497	85	13,990	8	39,746	9,430	3,497	52,673
2	47	2,902	2,029	78	11,164	4	29,001	12,085	3,500	44,590
9	22	4,120	2,610	148	11,349	3	34,093	10,094	2,531	46,771
4	18	4,625	2,039	91	10,813	-	39,307	9,543	3,577	52,427
0	73	3,147	2,174	98	11,223	-	35,042	10,133	2,342	47,517
8	92	3,397	3,046	68	6,794	-	27,450	11,543	3,362	42,355
6	39	3,839	3,121	91	5,027	-	39,210	8,832	3,940	52,032
7	18	5,091	3,250	106	5,769	-	41,947	10,792	2,720	55,359
1	17	2,823	2,297	36	4,590	-	35,262	10,995	2,425	48,681
5	35	3,981	4,155	57	3,940	-	37,597	11,818	2,474	51,889
5	67	4,792	4,666	24	6,722	-	34,377	12,776	2,490	49,633
0	41	4,297	4,231	31	3,503	-	30,850	14,194	2,884	47,929
A.	32	6,772	6,567	16	5,106	-	51,357	11,591	92	63,040

2. Economic role of coffee

21. Coffee plays three important roles in the Tanzanian economy. It is a source of income for an estimated 10 per cent of the population; it is a major foreign exchange earner; and it contributes to government revenue through taxation.

(a) Source of income in the domestic economy

22. The coffee sector provides a significant amount of employment. It is estimated that, at present, coffee production provides employment to 270,000 smallholders in the nation in addition to the paid employees of some 250 estates. The Coffee Authority of Tanzania (CAT) estimates that during the span of its coffee development programme (CDP), 1981/82 - 1984/85, the number of smallholders will increase to some 320,000.

23. It is thus assumed that the crop is the source of income for about 10 per cent of the total population taking into account the members of the smallholders' households, employees on estates and other ancillary occupations including labour for cultivation and processing and many other related employments such as transport, roasting, research, insurance, marketing, etc. (5).

24. There are also other indirect benefits to the people, such as expected returns from the infrastractural investment in coffee feeder roads, by improving the existing poor ones and opening new ones in the new coffee areas thus redressing the transport and communications infrastructure which is either poor or lacking in the coffee areas.

(b) Foreign exchange earner

25. Of all the agricultural commodities in the United Republic of Tanzania, coffee is by far the most important foreign exchange earner competing only with cotton and sisal. In the 1970s the importance of coffee came to the fore and it was in the first place for most of the decade accounting for up to 41 per cent of total foreign exchange earnings. Table 6 illustrates the relative contribution of Coffee to total exchange earnings in the period 1970-1979.

Table 5.

Percentage distribution of export earnings by major commodities exported to countries outside East Africa including re-exports

Year	Coffee		Cotton		Siasal		Cloves		Cashew nuts	
	Million	Percentage	Million	Percentage	Million	Percentage	Million	Percentage	Million	Percentage
1964	221	15	198	13	437	29	48	3	95	4
1965	172	13	244	18	286	21	46	3	82	6
1966	303	17	350	19	280	13	74	4	100	6
1967	239	14	281	15	201	12	97	6	92	5
1968	265	16	283	17	159	10	60	4	111	7
1969	257	16	285	14	160	10	152	9	136	8
1970	312	19	247	15	179	11	109	7	137	8
1971	227	13	245	14	134	8	179	10	148	9
1972	383	18	336	15	145	7	240	11	173	8
1973	495	21	335	14	215	9	233	10	174	7
1974	375	14	479	17	436	16	88	3	243	9
1975	485	18	310	11	302	11	321	2	221	8
1976	1,288	32	614	15	240	6	261	6	207	5
1977	1,857	41	541	12	228	5	244	5	273	6
1978	1,303	37	419	12	218	6	59	2	229	6

Sources: 1964 to 1974 and 1977 to 1978 from Bank of Tanzania, Economic and operations report, June 1979.
1975 to 1976 East African trade statistics.

Table 6. Contribution of coffee to total export earnings in the United Republic of Tanzania, 1970-1979

Year (Calendar)	Total exports T. Shs. (m.)	Coffee exports T. Shs. (m.)	Contribution of coffee in percentage
1970	1,792.2	312.2	17.4
1971	1,913.1	227.4	11.9
1972	2,312.7	383.0	16.6
1973	2,581.1	495.3	19.2
1974	2,878.1	375.1	13.0
1975	2,764.0	483.0	17.5
1976	4,108.0	1,282.7	31.2
1977	4,464.0	1,848.7	41.4
1978	3,670.6	1,293.8	35.2
1979	4,248.7	1,321.6	31.1
Averages:			
1970-74	2,296.4	358.6	15.6
1975-79	3,851.1	1,246.0	32.4
1970-79	3,073.7	802.3	26.1

Sources: Bank of Tanzania, Economic and Operations Report, June 1979, p. 78.
East African Community, Annual trade report, 1970 to 1976.
Tanzania, Annual trade report, 1977 and 1978.

(c) Contributor to Government export tax

26. Coffee has also been an important source of Government revenue. In the post-independence era coffee has rendered financial support to Government activities in the form of tax as can be seen from table 7 which depicts its contribution over the last nine crop years 1971/72 - 1979/80.

Table 7. Tanzanian export tax receipts from coffee
(Millions of shillings)

Season July/June	Coffee export value (millions of shillings)	Export tax (millions of) shillings)	Tax as a percentage of export value
1971/72	345.1	31.9	9.2
1972/73	440.7	78.9	17.9
1973/74	444.8	112.3	25.2
1974/75	374.8	61.6	16.4
1975/76	032.5	193.5	20.8
1976/77	1,798.4	782.8	43.5
1977/78	1,369.1	548.3	40.1
1978/79	1,174.3	397.3	33.8
1979/80	1,327.2	456.9	40.1

Source: Coffee Authority of Tanzania.

27. The magnitude of the coffee export tax contribution to Government revenues was more pronounced over the period 1969/70 to 1977/78 when it subscribed an average of 72 per cent of total export duties collected by Government and 6 per cent of total tax receipts from all sources (6).

28. Because of the paramount importance coffee plays in the country, economically, socially and internationally the United Republic of Tanzania decided as early as in 1961 and again in 1977 to invest all responsibilities relating to coffee, including production, processing and marketing in the hands of farmers and a parastatal organization, i.e. the farmers co-operative societies and unions, the Tanganyika Coffee Board (TCB) and the Coffee Authority of Tanzania.

29. There are no privately run international or transnational corporations involved in producing, processing, exporting and marketing Tanzanian coffee. CAT is responsible for promoting the development, improvement and protection of coffee, organizing collection from producers, processing and grading it for sale, selling it on the international and domestic markets and returning the proceeds to the growers.

3. The Coffee Authority

30. The Coffee Authority of Tanzania was established under an Act of Parliament, the Coffee Industry Act of 1977. It replaced the Tanganyika Coffee Board, a statutory organization established in 1961, which was essentially a marketing body.

31. The Authority is an autonomous parastatal administered by a Board of Directors appointed by the Minister for Agriculture to whom it is responsible.

Pursuant to the Act, the functions of the Authority are, inter alia:

(a) To promote the development, improvement and protection of the Coffee Industry;

(b) To prepare, implement, control and supervise programmes relating to the development of the coffee industry;

(c) To carry on, either alone or in association with any other person, the business of growers and producers of coffee, the business of processing coffee, the business of manufacturing coffee berries and husks and any other business or activity conducive or incidental to the carrying on of any of these businesses;

(d) To market and export coffee;

(e) To advise the Minister on measures for the promotion and protection of the coffee industry;

(f) To co-operate in the promotion or control of the production or marketing of coffee within the framework of any international organization or agreement concerned with those matters.

The Authority also may:

(a) Control and fix the prices to be paid from time to time for coffee and its by-products exported or sold for the purpose of local industries and may notify those prices in such manner as it may deem fit;

(b) Regulate the marketing of coffee and its by-products for use within the United Republic;

(c) Provide assistance and services for the development of the coffee industry, including:

(i) the establishment of coffee nurseries and demonstration farms;

(ii) the supervision of the cultivation of coffee plants and the harvesting or processing of coffee berries by growers;

(iii) the inspection, classification and grading of coffee;

(iv) the organization of arrangements for the marketing, storage and transport of coffee;

(v) the provision of such other services as may be needed by growers for the cultivation of crops other than coffee;

(d) Give financial or other support to research relating to the production of coffee and undertake research in the processing uses and marketing of coffee and its by-products;

(e) Do all such things as, in the opinion of the Board, may be necessary to uphold and support the credit of the Authority, to obtain and justify public confidence and to avert or minimize loss to the Authority;

(f) Do anything or enter into any transaction which, in the opinion of the Board, is calculated to facilitate the proper exercise of the functions of the Authority under the Act.

32. Thus CAT is responsible for all aspects of coffee production and marketing from the grower level through to the point of export of the crop.

33. The Coffee Authority also has the majority shareholding in the Tanganyika Coffee Curing Company, (the curing mill in Moshi) the Bukoo Mill in Bukoba and the Tanganyika Instant Coffee Company in Bukoba. All three companies are managed as subsidiaries of CAT with directors drawn from the main Board of Directors. The General Manager of CAT is the Chairman of the Management Committee of these subsidiary companies.

34. Apart from arranging for the procurement, processing and marketing of the total national coffee crop of some 52,000 tons, CAT is responsible for assisting growers in all aspects of production. The Authority is also the executive agency for the coffee improvement programme (CIP) (Project No. 4100.031.50.06), a four-year production programme which covers the main coffee areas in the six regions of Kilimanjaro, Arusha, Mbeya, Ruvuma, Tanga and Kagera, a total project area of some 115,000 hectares of coffee. Fuller details on the project will be given in chapter II.

35. The functions, the business and affairs of the Authority are carried out and managed by a Board of Directors of the Authority composed of a Chairman, who is appointed by the President; the General Manager, also appointed by the President; and not less than ten but not more than 12 other members who shall be appointed by the Minister.

36. The Members appointed by the Minister must be persons who, in the opinion of the Minister, are experienced in the production or marketing of coffee or products of coffee, in financial matters, in public administration or in matters relating to economic planning or development (7).

II. SURVEY OF PRODUCTION AND PROCESSING OF COFFEE

A. Introduction of coffee in the United Republic of Tanzania

37. The United Republic of Tanzania, which was the first country of East and Central Africa to grow coffee and place it on the market (8), produces both Robusta and Arabica coffees which were introduced in the country at different times.

1. Robusta

38. Robusta coffee is mainly grown in the Bukoba district of Kagera region.

39. The Bahaya, the local tribe of Bukoba, claim that Robusta is indigenous to that area. They even claim that the type of Robusta now grown in other contiguous countries was either procured from Bukoba or bred from coffee originally obtained from Bukoba.

40. The Bahaya claim that Robusta coffee has been growing wild in the Kantare forest from time immemorial and that their ancestors collected seeds from this forest for planting, obligations and other ceremonial purposes. They maintain that coffee usage is so enshrined in their historical background, religious and social ceremonies and activities that its origin cannot be associated with the advent of the commercial coffee industry. It has been and still is used, for instance, for mastication by local people and employed in marriage and enthronment ceremonies, hut-building activities, etc.

41. For chewing purposes unripe fully formed Robusta cherries are boiled whole with seasoning herbs and then dried and polished. The prepared cherry is disconcertingly hard but by no means unpalatable.

42. That the nutritive properties of coffee were well known to the natives of Eastern Africa from a very early period is also proved by the fact that during intertribal wars, food in the form of pounded coffee beans mixed with fat, was carried by warriors when they went to battle. Besides, it is recorded that travellers carried this coffee-fat mixture as an iron ration on long journeys.

43. There are other numerous legends and theories about the origin of coffee in the area, which tend to confirm the hypothesis that Robusta coffee in the Kagera region has been there for some centuries and that if it is not indigenous, its origin, must have been some neighbouring country to the north or north-west of Bukoba. (8)

44. According to one authority (T.S. Jervis, a History of Robusta coffee in Bahaya. Tanganyika Notes and Records, No. 8, December 1939 pp. 47-48), late in the sixteenth century the country of the Bahaya in the West Lake Region was invaded by the Bahima, a Hamitic people who appear to have originated as a tribal wave somewhere in Ethiopia. Proceeding southwards with their herds, these pastoral people eventually settled down in the area to the north and west of Lake Victoria, which was then inhabited by the less disturbed Bantu. The immigrants established the vast Kingdom of Kitara, with its ruling base at Bunyoro.

45. Speke had written about them as follows:-

> "In the earliest times the Wahima of Unyoro regarded the lands bordering on the Victoria Lake as their garden, owing to its exceeding fertility, and imposed the epithet of Abairu, or slaves, upon its people because they had to supply the Imperial Government with food and clothing. Coffee was conveyed to the capital by Abairu.
>
> "How Abairu in the northern dialect changes to Waddu in the Southern; hence Uddu, the land of the slaves, which remained in the connected line from the Nile to the Kitengule, Kagera, until eight generations back". (9)

46. To meet the growing demand for coffee at the king's court the imperial government at Bunyoro ordered its governors to increase production. It was then that Wamara, the Muchwezi overlord of the Buiru (Buddu) province of Bunyoro, had coffee planted at Buiru (Buddu) and at Kiziba in Bukoba about A.D. 1600.

47. This coffee still exists today in wild state in the forest of Kantare, Kiziba, and it is seed from this source that laid the foundation of the Bukoba Coffee Industry.

48. Dissensions in the royal family at Bunyoro caused the young members to flee with their followers to the extremities of the far-flung kingdom, where they established themselves peacefully as hunters and such-like and in course of time intrigued for power, forming the independent Haya chiefdoms in which their descendants are found today (10). Under this new regime the Buhaya prospered and the cultivation of coffee was encouraged.

49. To begin with, coffee belonged to the chiefs alone, and coffee trees planted in individual gardens were redarded as the chief's property and were maintained by the occupier of the plot for the chief's use. The crop was collected and treated by specially appointed men called the Wabona who then took it to the royal presence. On receiving coffee and prior to eating any himself, the chief would distribute some with his own hands among those in attendance upon him, in order of precedence. This custom is still observed throughout Bahaya society. By 1890, two or three coffee trees were to be found in each of the plots occupied by the Balangira who were connected by blood with the royal families and also in the gardens of the chiefs favourites..

50. In 1900 the chiefs were advised to remove the royal prohibitions against planting coffee, and indeed to encourage production. People were given seed to plant, and vegetative propagation ceased. Production increased beyond the requirements of local consumption and domestic and ceremonial purposes, and the surplus was bartered with neighbouring countries, especially in the north and west, against hoes, weapons, salt, barkcloth etc.

51. European Travellers found a few trees planted around most African homes in 1880. Since then haphazard cultivation has given way to an industry producing at present some 14,000 tons annually, and capable of considerable expansion.

52. The receipts from the sale of exportable surplus mounted from Shs.1,380,000 in 1920 to Shs.3 million in 1952 and over Shs 500 million in the year 1976/77.

53. This wealth and some of prosperity which after represents has raised the people of the area to relative affluence, from slavery to independence.

2. Arabica

54. Available records show that Arabica coffee was first introduced in the United Republic of Tanzania by missionaries in 1877. A missionary named Horner brought Arabica seeds from the Indian Ocean island of Reunion and these were planted at Bagamoyo. Later further seedlings were planted at Mhonda in the Nguru mountains, but they however were destroyed by the White Stem Borer.

55. In 1880 Father Baur of the Holy Ghost Fathers imported coffee seed from Aden which was planted near Bagamoyo and later in 1887-1889 seedlings were planted at Morogoro and Mandera.

56. It was in 1892-1893 that coffee was introduced again by the Holy Ghost missionaries to the Kilimanjaro area, when seed from Morogoro was planted at Kilema Catholic Mission on the slopes of Mount Kilimanjaro. It has been reported also that it was by this time the White Father missionaries introduced Arabica coffee in Bukoba area on the west of Lake Victoria. Most of the seeds planted by this time were of Bourbon type. Minado from Java and Kent from India were introduced in Usambara and Iringa mountains between the years 1914 and 1920. Thus the varieties now grown have been mainly selected from these types.

B. Environmental conditions

1. Robusta

57. Robusta coffee is grown mainly in the Bukoba/Kagera region.

58. The texture of the soil in the east of this area lacks in certain trace elements, notably copper, manganese and molybdenum, and has a low water-holding capacity. The fertility is maintained by heavy mulching, manuring and compost application and recently artificial fertilizer. The soils of western district of Karagwe, the Muva-Ankole series, are much more fertile than those of the eastern areas (12).

59. Rainfall in Kagera region is heavy, registering 50 inches of rain per annum in the driest parts to 80 inches per annum in the wettest especially near the lake shore. A light rainfall area with an annual rainfall of from 30 to 40 in. per annum is generally recorded for the western areas of Karagwe, Biharamulo and Ngara districts.

60. Particularly in the high rainfall area but also in the lower rainfall area, the rain is extremely well distributed, there being only one dry month in the year, July. A large proportion of the rain falls in February-March, March-April, or April-May. There is another smaller peak in November or December. July, August and September are frequently dry months. Much of the rain at all seasons comes as morning thunderstorms.

2. Arabica

61. The Arabica coffee is both an exotic and an exacting plant. It demands the highest care and will not tolerate very high or very low temperatures and prefers a mean annual temperature of about 70°F (22°C). It will not flourish in an area whose rainfall is less than 35 inches per annum. A minimum of 125 days of rainfall with a bimodal distribution or of 150 days with monomodal distribution is also necessary. With the monomodal rainfall distribution, not more than a maximum of four months' dry weather should occur at any one stretch unless a fair proportion of this period is cloudy and/or dull and cool (13). It must be protected against persistent winds at all lines either by careful selection of the aspect in relation to topography or by the use of trees for windbreaks and shade.

62. Banana has been advocated for shade, but it is a gross feeder and is entirely unsatisfactory. It is grown rather for staple food and it is thus a question of interplanting rather than shading.

63. Arabica is happiest in soils of volcanic origin, which must also be deep, rich and well drained. This type of soil is available in Kilimanjaro and Arusha region in the north, and Rungwe, Matengo and Mbeya in the south. These areas are the main producers of Arabica coffee in the country.

C. Production

64. Over-all production of coffee in the United Republic of Tanzania is some 52,000 tons per annum. About one fifth of this is "Robusta" (20 per cent) with some "Hard Arabica" (5 per cent) grown in Kagera region west of Lake Victoria. Some Robusta coffee is also grown in Tanga and Morogoro regions. Morogoro region also grows a small quantity of Hard Arabica. The rest is Arabica Milds grown mainly on the slopes of the mountains of the north and south of the country.

65. About one tenth of the Arabica is estate grown on 5 per cent of the estimated total coffee area of 195,514 hectares. The remainder of the total coffee production including Robusta and Hard Arabica is produced by peasant farmers, estimated at 270,000, on small plots known as "Shambas", around their homes, arranging just over 0.5 hectares and often interplanted with bananas, an important staple food in the main coffee growing areas.

66. The regional distribution of production for the crop years 1974/75 to 1979/80 is given in table 8 and 9.

D. Source of planting materials

67. Every endeavour is being made to select seed of proven high-yielding and pest and disease resistant strains for planting. This is done at the Coffee Research and Training Institute, Lyamungu, for Arabica and the Maruku Coffee Research Station for Robusta, or from blocks of known origin on commercial estates. There is also another coffee research substation at Mbinga, in the south, which to a lesser extent, supplies some Arabica seed.

1. Nurseries

68. Since 1976 when the farmers' co-operative societies and unions were abolished in the country, the Coffee Authority of Tanzania took over from them together with other responsiblities, the duty of raising seedlings for distribution to the small producer throughout the country. The seedlings are raised at the nurseries maintained by the Authority.

69. There are at present 116 such nurseries producing around 6 millions seedlings per annum. By the end of the crop year 1986/87 when the Coffee Industry Development Programme, to be launched in 1981/82, will have come to an end, there will be an additional 110 nurseries in the country producing some 16 million seedlings per annum.

70. Growers collect seedlings for planting from these nurseries. If however the distance from the villages to the nursery is not within the easy distance, the Authority provides transport.

The seedlings are distributed free of charge.

Table 8. Regional distribution of coffee production, 1974/75 - 1979/80 (in tons)

Region	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	Average
Kilimanjaro	19,987	20,081	16,508	17,766	11,382	13,364	16,515
Arusha	3,938	4,396	5,327	4,312	4,147	3,787	4,318
Tanga	975	466	768	890	504	314	653
Morogoro	600	433	332	430	383	385	438
Mbeya	3,898	5,091	2,823	3,981	4,792	4,297	4,146
Ruvuma	3,121	3,250	2,297	4,155	4,666	4,231	3,620
Kagera	11,808	12,585	12,911	13,862	14,873	16,401	13,740
Iringa	91	106	36	57	24	31	58
Mara	266	427	171	165	315	230	271
Kigoma	39	18	17	35	67	41	36
Private estates	5,027	5,768	4,590	3,949	6,722	3,503	4,926
Acquired estates	2,333	2,683	2,901	2,288	2,758	1,294	2,210
TOTAL	52,082	55,359	43,681	51,889	49,633	47,928	50,931

The data show that yields over the five-year period have been as follows:

Table 9. Regional average coffee yields, 1974/75 - 1979/80

Region	Total Area (Hectares)	Total prod. (Tons Clean)	Average yield per hectare
Kilimanjaro	65,393	16,515	253
Arusha	15,700	4,318	275
Tanga	5,973	653	109
Morogoro	2,116	438	207
Mbeya	26,481	4,146	157
Ruvuma	12,082	3,620	300
Kagera	57,012	13,740	241
Iringa*	144	58	403
Mara (+ Ukerewe)*	900	271	301
Kigoma	335	36	107
Private estates (TCGA)	6,073	4,926	811
Acquired estates (Kilimanjaro & Arusha)	3,305	2,210	669
TOTAL	195,027	50,931	261

* Underestimation of area under coffee suspected.

Source: Coffee Authority of Tanzania.

2. Propagation

71. Seedlings have been used for filling in and replacement in the traditional coffee areas.

72. Since 1977, when the current coffee improvement programme and later the coffee expansion programme, both of which have been running concurrently, were started, the seedlings have also been extensively used in the new areas.

E. Pattern of control over coffee production

1. Production control

73. On depositing its instrument of acceptance of the International Coffee agreement, 1962, the United Republic of Tanzania undertook to restrict coffee production and to diversify, as had been required of all producer members. This was intended to throttle back production and bring it in line with consumption. The United Republic of Tanzania diversified mainly in terms of tea and cattle.

74. As the current ICA, 1976, (article 50) does not insist on diversification, the United Republic of Tanzania decided in 1977 to increase production by exploiting the considerable potential which exists for coffee production from existing and new plantings. It launched us four-year coffee improvement programme (CIP) in 1977 and on a smaller scale, the coffee expansion programme in 1978. Moreover, it has now decided to start a new programme, the coffee development programme (CDP) in 1981/82 which will combine all activities envisaged under CIP and CEP. It is expected that by the year 1989/90 all these programmes will have resulted in an increase of coffee production from the present annual average of 52,000 tons to some 100,000 tons.

2. Coffee improvement programme

75. In order to stimulate the coffee industry a four-year coffee improvement programme was launched in the main traditional coffee areas in six regions of the country (Kilimanjaro, Kagera, Arusha, Mbeya, Ruvuma and Tanga) covering a total project areas of about 115,000 hectares of coffee.

76. The coffee improvement programme is designed to effect a sustained improvement in the quantity and quality of coffee produced by smallholders by establishing a well trained and well directed extension service supported by the provision of farm inputs such as insecticides, fungicides and pruning and processing equipment. The effect of the programme is to encourage farmers to adopt better cultivating and harvesting methods especially pruning, weeding, pest and disease control, use of manure and fertilizers and processing.

77. The average yield on smallholdings in the country approximately 290 kg per hectare whilst on estates it is 1,000 kg.

78. The project is financed by EFD (the European Development Fund) which has contributed 12,677,000 or European units of account TSh 119 million and the growers are expected to make available just over TSh 131 million in the form of a levy on production. CIP started in October 1977 and is due to be completed in September 1981.

79. The benefits of improved husbandry techniques have started to be reflected in the yields. So far national production has increased from a pre-project level of some 46,000 tons to an expected 1980/81 level of 55,000 tons.

80. Concomitant with CIP the Authority has been administering another project, the coffee expansion programme (CEP) in order to establish coffee in selected new areas by increasing the coffee-growing hectarage by 60,233 ha. which in turn would add about 24,000 tons or 44 per cent to the current annual production of 55,000 tons. The expected coffee production during the CIP span is shown in table 10. The comparison of coffee yields per hectare in CIP and non-CIP areas is given in table 11.

3. Coffee industry development programme

81. Over the four year period 1981/82-1984/85, the proposed coffee industry development programme, combined with the continuation of improvement in current CIP and CEP areas, is expected to increase total annual production to approximately 100,000 tons of clean coffee by 1989/90, to increase foreign exchange earnings and government tax revenue and also to improve considerably the living standards of many families.

The project will result in:

(a) The number of coffee growers being increased from 270,000 to 320,000;

(b) The coffee hectarage increasing from 195,000 ha. to 240,000 ha. or by some 23 per cent;

(c) Yields of parchment coffee increasing in existing coffee areas from 290 kg/ha to 450 kg/ha and yields of 600 kg/ha being attained in new coffee areas;

(d) Improvement of quality standards with FAQ production increasing from the present 8 per cent to 25 per cent of the total mild Arabica crop. The results expected from CDP are given in table 12.

82. The projected improvements will be achieved by and supported with the continuation of services designed to increase yields in existing coffee areas and extension of such services to areas not included in the current CIP.

Table 10. Coffee production during improvement programme
Tons of green coffee
Smallholders and estate production

A. Estimated

	Year 0 1977/78	Year 1 1978/79	Year 2 1979/80	Year 3 1980/81	Year 4 1981/82
Kilimanjaro	16,500	17,340	19,440	22,824	24,780
Arusha	9,130	9,390	10,347	11,413	12,220
Tanga	754	957	1,021	1,402	1,630
Mbeya	4,729	4,929	5,324	6,540	7,184
Ruvuma	2,600	3,050	3,665	4,718	5,625
Kagera	12,595	12,104	14,719	16,325	17,950
	46,334	43,678	54,516	63,240	69,419

B. Achieved

	Year 0 1977/78	Year 1 1978/79	Year 2 1979/80	Year 3 1980/81*	Year 4 1981/82*
Kilimanjaro	20,054	13,141	14,607	23,335	22,300
Arusha	8,261	10,369	7,215	12,286	7,800
Tanga	890	504	319	880	900
Mbeya	3,981	4,792	4,310	6,772	6,300
Ruvuma	4,155	4,666	4,218	6,577	5,600
Kagera	13,862	14,872	16,074	14,953	19,590
MISC	687	789	459	337	510
	51,890	49,633	47,802	65,140	63,000
Annual change (+) (-)		(-)2,257	(-)1,831	(+)17,338	(-)2,140
Annual percentage change (+) (-)		(-) 4%	(-) 4%	(+) 36%	(-) 3%
Actual v projected (+) (-)	(+)5,556	(+) 955	(-)6,714	(+)1,900	(-)6,419
Percentage actual v projected (+) (-)	12%	(+) 2%	(-) 12%	(+) 3%	(-) 9%

* Provisional

Source: Coffee Authority of Tanzania

N.B. The gap between estimated and achieved in 1979/80 was mainly due to drought.

Table 11. Comparison of clean coffee yields Per hectare in CIP and non-CIP Areas

AREAS	1977/78 CIP	1977/78 Non-CIP	1978/79 CIP	1978/79 Non-CIP	1979/80 CIP	1979/80 Non-CIP	1980/81 CIP	1980/81 Non-CIP	1981/82 CIP	1981/82 Non-CIP
Hai	201	215	335	160	228	181	-	-	-	-
Moshi	378	221	147	133	177	174	-	-	-	-
Rombo	382	254	258	345	468	345	-	-	-	-
Pare	166	229	204	134	223	215	-	-	-	-
Lushoto	-	-	-	-	-	-	-	-	-	-
Arusha	434	304	369	247	338	236	-	-	-	-
Mbeya	N/A	N/A	N/A	N/A	235	200	-	-	-	-
Mbozi	N/A	N/A	239	178	230	196	-	-	-	-
Tukuyu	N/A	N/A	N/A	N/A	221	198	-	-	-	-
Ileje	-	-	-	-	-	1	-	-	-	-
Mbinga	571	348	402	255	449	2	-	-	-	-
Bukoba	N/A	N/A	334	553	N/A	N/A	-	-	-	-
Muleba	N/A	N/A	166	141	N/A	N/A	-	-	-	-
Karagwe	N/A	N/A	207	210	N/A	N/A	-	-	-	-
Ngara	-	-	N/A[3]	N/A	N/A	N/A	-	-	-	-

1. Joined programme in 1979/80.

2. Whole mature coffee areas now covered by programme.

3. Joined programme in 1978/79.

Source: Coffee Authority of Tanzania.

33. Specifically this work will entail improvement of husbandry in all aspects, supply of chemicals and extension expertise for the control of pests and diseases, provision of transport facilities; construction of godowns for coffee and inputs; construction and improvement of roads in coffee areas; construction of central pulperies; establishment of research programmes aimed at improving methods of pest and disease control and development of new selections and varieties; recruitment and training of additional local staff; and provision of technical assistance.

The estimated improved yield per hectare from CDP is shown in table 13.

Table 12.

Production estimates
(Tons of clean coffee)

		1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
Kilimanjaro	E	17,656	18,964	21,253	23,541	23,541	23,541	23,541	23,541	23,541	23,541
Arusha	E	4,710	5,024	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652
Mbeya	E	6,680	8,200	9,397	11,356	12,253	13,139	13,654	13,801	13,844	13,844
	N	-	-	-	-	234	612	1,115	1,330	1,741	1,741
Ruvuma	E	4,616	7,024	7,854	8,056	3,345	8,592	8,759	8,798	8,798	8,798
	N	-	-	-	-	140	385	700	990	1,175	1,175
Tanga	E	896	1,045	1,314	1,732	1,941	2,150	2,150	2,150	2,150	2,150
Kagera	E	14,994	16,248	17,104	20,524	22,805	25,655	25,655	25,655	25,655	25,655
	N	-	-	-	-	396	880	1,300	1,760	2,475	2,475
Mara	E	270	288	351	373	405	405	405	405	405	405
	N	-	-	-	-	168	256	468	672	900	900
Kigoma	E	50	72	109	137	151	151	151	151	151	151
	N	-	-	-	-	164	172	390	656	900	900
Morogoro	E	455	571	635	772	868	952	952	952	952	952
	N	-	-	-	-	292	432	720	1,312	1,800	1,800
Estates	E	6,565	6,846	7,737	8,620	9,378	9,378	9,378	9,378	9,378	9,378
TOTAL	E	56,892	64,282	71,906	80,776	85,339	89,615	90,297	90,483	90,526	90,526
	N	-	-	-	-	1,394	2,737	3,693	6,720	8,991	8,991
GRAND TOTAL		56,892	64,282	71,906	80,776	86,733	92,352	93,990	97,203	99,517	99,517

Source: Coffee Authority of Tanzania

Note: E - Production from existing coffee areas.

N - Production from new coffee areas.

F. Phases of coffee preparation for marketing

1. Quality policy

84. In order to reap the maximum returns for the grower and to meet buyers' variety of choices, the Tanzanian Government and the Tanganyika Coffee Board/ Coffee Authority of Tanzania have always insisted on quality production. It has been their belief and experience that "quality and prices will always be linked together" i.e. good quality = better prices, bad quality = poor prices. With this end in view they have maintained that good preparation of coffee, through all its stages, is part of marketing. They have thus instituted certain steps, disciplines and regulations which must be observed before the grower's coffee is put on the market for sale. These include recommendations for planting explained earlier, regulations for processing, grading of parchment and clean coffee at the buying centres and curing works, classifications and quality assessment, rules for sales and licensing. As all these measures have been established firstly to excel in the quality of production and as a corollary, to have the advantage of demand in the international markets which are fraught with all kinds of tough and merciless competition.

2. Wet processing

85. Mild Arabica coffees are wet processed under the general guidance of the Coffee Authority of Tanzania.

86. It is here that the intrinsic good quality of mild Arabicas can easily be marred unless the grower heeds the recommendations given by the Coffee Research Institute and Experimental Coffee Stations, e.g. on the types of pulperies to be used, the method of pulping, washing, fermenting, drying, etc.

87. To start with, care must be taken that only red ripe cherries are picked and pulped on the same day with the cleanest possible water in clean and properly set pulperies in order to avoid nipping.

88. A clean fermentation is obtained by washing and grading the parchment immediately after pulping, and lights and skins removed. Heavy coffee and lights are fermented separately. Fermentation is complete usually after 24 hours before the parchment is removed from the tanks to the washing channels.

3. Washing and grading

89. After fermentation is complete the parchment must be washed with clean water in clean containers. If necessary, further grading is carried out to remove floats and skins, if any.

4. Drying

90. Coffee is dried on trays made of coffee tray wire raised well off the ground. It is laid thinly, not more than one inch deep, on trays. This labourious and meticulous process should take about 12 sunny days.

91. The coffee is dry when, from black, its colour changes to a green or green-grey and it becomes too hard to make more than the slightest impression on the bean with either the teeth or finger-nail. Its moisture content in the moisture meter should not be more than 13 per cent.

5. Storing

92. After the coffee has been properly dried it is best stored for a month or two in a well ventilated store before being hulled and graded. This period is necessary to allow the coffee to "settle down" and mature before it is bagged in clean bags and despatched to the curing works.

93. CAT has ample space to warehouse all clean coffee produced in the country in the best possible conditions: 870,000 bags at the Tanganyika Coffee Curing Company mills, 200,000 bags in Tanga and about 68,000 bags at Bukop Ltd.

6. Tanzanian coffee standards

(a) Arabicas

94. Tanzanian washed Arabicas, also known as "milds", are comparable to the world's finest coffees. They have exceptional liquoring qualities, very good acid and body mild taste and high yield and are renowned for their delicate aroma. They are used in blending to raise the quality of other coffees.

95. Because of the highest quality of its mild coffee, the United Republic of Tanzania has, together with Colombia and Kenya, been classified by ICO as producing the top quality category known as "Colombia mild Arabicas".

96. In their test findings on green and roasted coffee Gordian-Max Rieck, Gonbh publishers of Hamburg, Federal Republic of Germany reported as follows in their book Green and Roasted Coffee Tests (1963): "Washed Tanganyika "AA" bean, which had been used as a specimen, to be "large to extra large, above screen 6.75 mm" ..... blue-green; closed light center cut". The cup is characterised as being of "very good acid and body, mild taste, aromatic, high yield." (14)

97. The publishers' report on the chemical make-up of green and roasted coffee from the United Republic of Tanzania is attached as annex III to the present study.

98. The United Republic of Tanzania has consistently strived to maintain these characteristics as they are earnestly sought by the buyers.

(b) Robusta

99. Tanzanian Robusta coffee, or "Bukobas", is well known in the world markets and sought for its outstanding qualities: constant and standard moisture content, evenness of the beans, reliable grading and excellent flavour. The roast produces high yield and strong body. It is sold internationally as "Bukobas" and used by the London Coffee Market Terminal as the standard for other quotations.

Table 13. Yield estimates:
Clean kilos/hectare of mature coffee

	1981/82	1982/83	1983/84	1984/85	11985/86	11986/87	1987/88	1988/89	1989/90	1990/91
Kilimanjaro	270	290	325	360	360	360	360	360	360	360
Arusha	300	320	360	360	360	360	360	360	360	360
Mbeya	183	224	270	210	335	360	374	374	374	374
Ruvuma	272	414	463	475	492	506	516	516	516	516
Tanga	150	175	220	290	325	360	360	360	360	360
Kagera	263	285	300	360	400	400	350	450	450	450
Mara	300	320	390	420	450	450	450	450	450	450
Kigoma	150	215	325	410	450	450	450	450	450	450
Morogoro	215	270	300	365	410	450	450	450	450	450
Estates	700	730	825	920	1,000	1,000	1,000	1,000	1,000	1,000

Source: Coffee Authority of Tanzania.

III. SURVEY OF TANZANIAN COFFEE MARKET STRUCTURE:

PRIMARY MARKETING

A. Procurement and storage

100. The delivery of the crop to the village or co-operative society's buying posts is the responsibility of the grower.

101. As explained in chapter II, coffee is delivered to the village administration usually unhulled and properly dried, ideally to a moisture content of 10-11 per cent.

102. When coffee is delivered to the buying post it is kept temporarily at the village/co-operative store pending collection by CAT/Co-operative Union for transfer to the main stores at the Tanganyika Coffee Curing Co. Ltd. or Bukop Ltd. before it is processed.

103. On delivering his coffee at the village buying post, the grower is given an advance payment for it. The prevailing system of payment to the growers for their coffee is described in chapter IV. A village levy is paid by CAT to the village to cover handling expenses.

104. Before the coffee delivered by the grower is paid for, it must be graded by the village committee to establish its quality. This grading and classification are the main determinants of the advance payment to the grower and prices to be expected subsequently from the sales.

B. Initial grading

1. Mild Arabica

105. In mild coffee producing areas, coffee from farmers is delivered in the form of home prepared parchment, or in the form of ripe cherries in the case of villages which own central pulperies.

106. On receiving the coffee, the committee at the village buying centre grades it as parchment No. I, II or special (which is superior to parchment No. I). All these grades are kept separately throughout all subsequent operations.

107. Ripe cherries are initially graded as Coffee Factory I (cherry) or CF II (cherry). After being processed into parchment at the central pulping factory, the product is graded as CF I (parchment) or CF II (parchment) on the basis of the quantity and the grade delivered.

108. Coffee of the same grade is bulked at the buying centre from where it is delivered to the Tanganyika Coffee Curing Works, where it is given further treatment and converted into green coffee on behalf of CAT. It then enters the second marketing phase.

2. Hards

109. In hard coffee growing areas growers similarly deliver their coffee to the village buying post or co-operative society store, either in the form of home processed clean coffee or dry cherry.

110. The dry cherry is all accepted ungraded, provided that it passes the acceptance tests of being properly dried and being free from defects. Collections in the village are bulked and forwarded to the Bukoba coffee curing works, Bukop Ltd., for curing or for hulling and curing as the case may be.

111. The coffee enters the second phase of marketing at the Bukoba coffee curing works, where like the mild coffee at the Tanganyika Coffee Curing Company, it is received as property of the Coffee Authority of Tanzania.

IV. CENTRAL COFFEE MARKETING:

EXPORT MARKETING

A. Background and reasons

112. Since 1961 the marketing of all coffee grown was statutorily vested in the sole coffee marketing organization, the Tanganyika Coffee Board which was later superseded by the Coffee Authority of Tanzania in 1977.

113. Central coffee marketing was found necessary in order to equalize the obligations imposed by the ICO quota system of exports whereby only a part of the total production could be exported to traditional markets.

Other equally important reasons were:

(a) To make it possible to place on the market coffee parcels which are large enough, with respect to any quality, to make Tanzanian coffee attractive;

(b) To develop overseas markets and maximize foreign exchange earnings;

(c) To increase bargaining power;

(d) To promote orderly marketing;

(e) To eliminate dependence on local and overseas exclusive controls of traders, exporters, overseas importers, manouvers by transnational corporations and other practices to restrain competition;

(f) To lower marketing costs.

114. Prior to the introduction of central marketing growers used to sell their coffees, in all forms, to licensed coffee dealers who had their stores scattered in all coffee growing areas.

115. The price paid by the dealers was not identical. Growers, in the same village and in any one day, could be paid different prices for their coffee, even if it was of the same type. Many dealers were even itinerant and most of them were acting as agents of big dealers who financed them.

116. With the coming of the co-operative movement, the dealers' operations were phased out by the Government making it obligatory for farmers to sell their coffee to agricultural co-operative societies whereever 75 per cent of the crop was handled by them.

117. A further order was issued by the Tanganyika Coffee Board in 1962 cancelling all coffee dealers' licences and making it compulsory for all growers to sell their coffees through co-operative societies which in turn delivered their collections to the Board through the following four co-operative unions designated by the Board:

(a) The Kilimanjaro Native Co-operative Union Ltd. (KNCU) catering for African coffee growers in Moshi, around Mount Kilimanjaro;

(b) The Bukoba Native Co-operative Union Ltd. (BNCU), combing the African coffee growers living on the Western banks of Lake Victoria;

(c) The Tanganyika Co-operative Trading Agency (TCTA) uniting the rest of the African coffee growers;

(d) The Tanganyika Coffee Growers Association (TCGA) combining all non-African coffee farmers or estate owners.

118. However the co-operative movement was disbanded by the Government in 1976 and instead the villages, under the Village Act, became buying agents of CAT, abiding by the same directives which were previously issued by TCB to co-operative societies and unions.

B. Final processing, curing and grading

119. All coffees in the United Republic of Tanzania are delivered by order of CAT to the curing mills where they are hulled, cured and graded and finally electronically sorted in accordance with CAT liquourer's requirements.

120. Each delivery of parchment coffee passing through the curing works, is termed an "Outturn" and it keeps its identity of origin through all the subsequent operations until it is sold.

121. All mild coffees are mechanically processed at the Tanganyika Coffee Co. in Moshi. Here the "parchment" is removed and the clean coffee separated into numerous grades according to shape, size and specific gravity of the beans.

The recognized or standard final grades are as follows:

Top grades

AA, A, B, C	Heavy solid beans graded according to size, AA being the largest.
PB	Peaberry; a fully formed and sound, heavy bean from a berry which contains only one bean instead of the usual two.

Low grades

E Elephant: Misformed bean having two parts closely fitted into each other which may separate on roasting.

AF, TT, T, F: Light beans removed by air blast, the AF from the AAs and As, the TT from the Bs, the T from the Cs and F from a reblasting of all these grades.

HP: Defective beans removed by hand or electronic sorters.

122. The hard coffees, Robustas and hard Arabicas, which are hulled and cured at Bukop factory by removing the shell and silver skin, are graded according to the rules issued under the provisions of the Coffee Industry Act, which is summary form are as follows:

(a) Arabica FAQ (Bukoba) Defect allowance is 15 per cent by count and 5 per cent by weight including maximum by count of the following: 1 per cent unhulled cherry, 3 per cent black beans, 2 per cent not conforming to description, with 0.5 per cent by weight of extraneous matter;

(b) Robusta FAQ Defect allowance is 10 per cent by count and 5 per cent by weight, including maximum by count of the following: 1 per cent unhulled cherries, 3 per cent black beans, and 0.5 per cent by weight of extraneous matter;

(c) Arabica UG (Under grade) does not conform with EAQ description. Maximum allowances by weight: at least 10 per cent whole beans and up to 2 per cent extraneous matter;

(d) Robusta UG does not conform with FAQ description. Maximum allowances by weight: at least 10 per cent whole beans and up to 10 per cent externeous matter.

(e) Triage is described as dry with not more than 10 per cent by weight whole and of good colour and maximum 10 per cent by weight of extraneous matter.

(f) Defects include black beans abnormally pale beans, broken beans, and seriously discoloured beans.

C. Classification

123. Following hulling, curing and grading, mild coffee samples from the respective grades are passed to the CAT coffee liquorer for testing, being identified by a serial number only so that the liquorer has no information as to the identity of the grower; his report is thus "blind" and not influenced by conscious or unconscious bias.

124. The liquorer tests the samples and reports on them in three stages: the raw, the roast and, most important of all, the "cup" or liquor quality. The three stages compared determine the class of coffee, ranging from 1 to 17 and R for rejects, which are below class 17.

125. A classification report is then made out and this forms the basis of distributing the sale proceeds to the grower, making up bulks of similar coffees and arranging reserve prices at auctions.

126. The classification report also serves as an advice to the grower from which he can tell if any changes are necessary in his processing and preparation to improve the quality. A typical classification report is shown in annex IV.

127. The class number in the table indicates to the grower, or group of growers, a scale of differential points by which he or the group of growers will share in the "pool" of sale proceeds, thus providing an incentive for the production of high-quality coffees. The pool system of pay out is explained below.

128. Following its report on the samples, the liquoring department issues instructions to the coffee curing company to bulk and prepare the coffee for sale by weighing into new bags and marking. The coffee is then passed into the export store and a warehouse warrant is issued to CAT. From these warrants the liquorer makes up his auction catalogue.

129. Following this, every lot of the catalogue is again reported on and valued and a "reserve price" placed prior to the sale.

130. All coffee, with the exception of Bukobas, is sold strictly on "sample" and no standard types are set by the Authority. This is generally quite different from most producing countries which sell mainly on the basis of special types and descriptions which they are able to produce in quantity throughout the year by virtue of their much larger crops.

131. For each lot offered in the sale, all buyers are able to obtain a sample and the liquoring department has to ensure that these samples are correctly drawn and confirm to the coffee represented.

D. Marketing control

132. Almost all coffee produced in the country is sold in auction. The relatively small quantity required for local roasting or non-quota markets may be sold by private treaty. All mild coffees are bought ex-warehouse Moshi and hards ex-warehouse Tanga. Quotations are per 50 kilos.

1. Auction system

133. About ten days before the auction is due to take place, a catalogue of the sale is printed and distributed to the trade (export licence holders) along with samples of each lot to be offered. The buyers are therefore able to make their own assessment of every lot, all of which may differ in some way, if only in quantity, and to place a value on any particular parcel for which they have an interest or an actual buying order from their overseas clients.

134. Once every week buyers gather in Kibo Hall of the KNCU building to bid against each other for the coffees on offer. There are some 52 export licence holders as usually the auction is attended by 20 to 25 representatives coming from Dar es Salaam, Arusha, Mombasa, Nairobi and of Moshi.itself. Two or three licensed coffee brokers who are permitted to bid for licensed clients make up the number. These export licence holders in fact cover the world as far as coffee import interests are concerned. Export destinations can be seen in table 14.

135. The auctions are conducted by the Authority's auctioneer and marketing staff. They are licensed by the Moshi Town Council to conduct auctions.

136. The auctioneer protects the market and the grower through the reserve prices entered on his catalogue for all lots. Below this figure he will not sell, but any highest bid below the reserve is "noted" and the Authority then negotiates with the bidder after the sale. This may mean the lot eventually obtaining the original reserve or a negotiated lower price or being withdrawn from the sale.

137. During the height of the season, sales are made up to cover about 20,000 bags of 60 kg of mild Arabica and about 5,000 bags, also of 60 kg of Bukobas.

138. Following the completion of an auction, when all noted bids have been dealt with, a market report is issued showing full details of the coffee offered and sold by grades and the average price for the sale, a running total sales figure for the year to date and the buyers' batting list. All these documents are circularized to all co-operative unions, certain government ministries and the trade. Specimens of these documents are shown in annexes V and VI.

139. To keep abreast with current market prices and trends, the Authority apart from getting Renters' ticker coffee market report twice daily and other advices from overseas coffee trade centres, has its own export division which bids in auctions for its own overseas clients who are not directly represented in the auctions, who number about 50. This division which was established in late 1960s has helped considerably to check the bids from other traders and raise them, whenever possible, by counterbidding with the offers which the Authority considers to be the price of the day and thus protect the growers' interest.

140. The Tanzanian coffee auction system is considered to be the best selling method to obtain the maximum returns for the grower. Many other coffee-producing countries have studied at with a view to introducing it for their own sales.

2. Terms and conditions of Sale (15)

(a) Sales are subject to the rules and regulations of the Mild Coffee Trade Association of Eastern Africa, which are amended or supplemented by the following clauses;

(b) Bids noted in auction will remain firm with the seller until 4 p.m. on the day of the sale or until such time as a counter offer is made by the seller whichever time is the earlier, such counter offer to remain firm with the bidder until 12 noon on the day following the auction;

(c) On or before prompt date cheques made in favour of the Coffee Authority of Tanzania (Marketing Account) should be handed to the Authority. Those buyers paying through accounts outside Moshi requiring immediate release of warrants must pay by telegraphic transfer. Warrants will be released to buyers only after satisfactory clearance of payment in Moshi;

(d) Unless otherwise stated coffee is packed in single sisal bags of 60 kg. net Tare 1.1 kg.;

(e) Warehousemen's charges to be for by buyers. Rent from prompt date also for buyer's account;

(f) Net weight to be according to warrant weights. All reweighing within prompt date or prior to payment, whichever occurs first will be adjusted on invoices only in cases where the difference in weight exceeds 0.25 per cent either way. Reweighing expenses are to be borne by buyers. Where no re-weighing instructions are given by the buyers the net warrant weights will be considered final;

(g) Coffee purchased by Buyers shall be removed from the Tanganyika Coffee Curing Co. Ltd. "transit godown" within 30 days of prompt date;

(h) Tanzania Coffee cess (short tax) for buyer's account;

(i) All coffees sold vide this catalogue must be shipped through Tanzanian ports;

(j) For exports of coffee to quota markets the certificate or origin in form "O" must be validated by coffee export stamps.

Table 14. Tanzanian green coffee exports, 1970/71 - 1979/80

(In 60 kg bags)

Destination	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
1. ICO traditional members										
(a) EEC members										
Belgium	5,157	5,872	12,050	2,228	4,213	5,746	1,671	8,667	6,438	5,952
Denmark	300	914	150	5,033	500	10,006	750	2,481	2,863	1,481
France	5,921	10,921	15,891	12,586	11,133	8,458	6,528	10,315	13,435	4,448
Holland	33,338	31,372	38,372	21,309	27,913	28,973	19,575	82,228	85,900	98,456
Italy	37,371	21,646	43,270	28,816	32,062	107,601	118,288	90,915	86,156	104,516
United Kingdom	34,750	84,825	95,113	42,807	18,776	22,651	16,926	33,722	59,344	24,177
Federal Republic of Germany	92,520	157,388	196,322	155,227	234,509	354,992	255,865	283,275	228,029	226,047
TOTAL	209,357	312,938	401,168	268,006	329,111	538,427	419,603	510,603	482,164	465,077
(b) Commonwealth										
Australia	11,344	28,974	15,959	20,495	7,247	22,698	9,390	4,520	366	666
Canada	11,798	18,586	26,688	10,751	14,426	24,495	13,963	11,853	1,206	
New Zealand	9,644	21,575	12,503	4,560	877	5,585	2,894	698	5,225	529
TOTAL	32,786	69,135	55,150	35,806	22,550	52,778	26,247	17,071	6,797	1,195

Table 14. contd.

Destination	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
(c) Other members										
Austria	1,022	3,226	351	343	471	631	360	-	-	-
Czechoslovakia	7,998	5,833	4,011	-	8,333	-	-	-	-	-
Finland	-	3,100	-	3,494	2,250	2,722	10,410	1,322	1,525	8,865
Israel	3,071	5,358	10,374	12,852	9,301	4,890	9,147	10,892	8,080	5,700
Japan	-	-	-	-.	-	36,697	34,626	19,826	68,643	51,415
Norway	4,400	3,451	2,000	1,766	13,490	10,322	405	1,208	183	-
Spain	-	3,424	-	-	-	-	-.	5,526	-	-
Sweden	27,965	65,051	77,499	46,555	70,075	72,961	18,177	22,577	28,426	26,468
Switzerland	7,000	30,950	21,063	11,342	14,494	5,565	1,671	1,930	7,664	2,957
United States	255,776	227,331	271,997	175,290	259,705	221,623	178,416	283,743	128,396	47,856
Yugoslavia	-	-	-	-	-	-	9,697	35,333	12,151	15,081
Others	-	-	-	-	-	-	-	-	16	-
TOTAL	307,232	347,724	387,296	251,642	378,119	355,411	262,909	382,359	255,084	150,342
Total All members	549,375	729,581	843,613	555,454	729,780	946,616	708,760	910,033	744,046	616,614

Table 14. contd.

Destination	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
II. Non-members										
Algeria	-	-	-	-	-	-	-	-	30,024	35,642
Bahrain	6,187	1,028	1,913	6,080	3,736	-	-	-	-	-
China	7,682	-	913	8,627	-	-	4,167	-	8,529	-
German Democratic Republic	9,843	5,235	18,350	7,379	6,666	-	-	-	-	-
Greece	-	-	-	500	17,685	5,950	569	1,732	250	204
Jordan	200	50	2,177	111	2,468	-	-	-	2,912	1,920
Mozambique	-	-	-	-	-	850	702	1,241	1,876	1,021
Saudi Arabia	10,610	2,066	2,334	333	4,605	1,023	-	1,667	-	-
Iran	-	-	-	-	-	-	1,666	4,999	4,165	4,900
Dubai	6,522	3,991	5,527	4,725	3,357	624	-	-	-	-
Yugoslavia	9,985	4,779	16,845	30,831	-	2,631	-	-	-	-
USSR	-	-	-	-	-	12,505	8,521	-	8,750	-
Zambia	-	-	-	-	-134	333	890	185	844	50
Qatar	2,265	423	1,245	1,651	2,581	-	-	-	-	-
Others	2	18	2,213	-	8,953	20,307	166	843	748	6,639
TOTAL	52,296	17,590	59,267	60,237	50,185	44,223	16,681	10,667	58,098	51,396
Total all destinations	601,671	747,171	902,380	615,691	779,965	990,839	725,441	920,700	802,144	668,010

* Reference year: ICO year October - September.

Source: Coffee Authority of Tanzania (35)

141. Before the buyer exports his coffee he must execute a declaration and undertaking to the Bank of Tanzania, (Form C.D. 3) stating, inter alia the local value (consideration paid by him, the exporter, together with storage, transport and other local expenses incurred); value of the goods: selling charges, insurance charges and total c.i.f. value; currency in which value of the goods is to be received; name and address of the exporter's bank in the United Republic of Tanzania; approximate date on which payment is to be received; method of payment, etc.

142. This execution is legally binding until the whole declared foreign exchange value is received in the country. When the foreign exchange is received through the bank it becomes the property of the Government and the exporter's account is credited with the local currency.

E. Pricing mechanism and its control

1. Prices and payments to growers

143. CAT sells all coffee produced in the country on behalf of the growers and returns to them, through village administration or co-operative societies/unions, the proceeds from sale of their coffee less certain deductions.

144. The villages and the growers' co-operative groups are responsible for the movement of cash and payment to individual farmers.

145. There are no fixed prices to growers and returns depend on world market prices and on the quality of coffee supplied during each marketing season.

2. Pool system of pay-out

146. Usually coffee growers are paid for their produce in two or even three stages, when they deliver their coffee to the buying centre and again after their coffee has been sold by the Authority.

(a) Advance payment

147. When coffee is initially delivered at the village or co-operative level, the grower is paid an advance payment equal to approximately 75 per cent of the estimated final farm gate value. The grower is issued with a receipt indicating the date of delivery of his produce, his membership number, the type and grade of coffee delivered, the weight thereof, the rate at which payment has been made, total amount paid, etc. This receipt must be kept by the grower and produced when subsequent payments for the same coffee are made. All the details on the receipt are recorded on the members's ledger card which is kept open at the village buying post or co-operative society's store, for entry of all the subsequent deliveries and closed at the end of each crop year after the final payment has been made.

148. Advance payments are announced before the season and are uniform for all growers but different for the types i.e. mild Arabica, Robusta and hard Arabica.

149. Estates deliver their coffee direct to the curing works and get their advances and subsequent payments through their organization, the Tanganyika Coffee Growers Association.

(b) Initial payment

150. Initial payment is made when, in the case of mild coffee, the outturn has been classified by the CAT liquoring department. This payment and any other subsequent payments are determined by a differential scale which awards premium to high quality and penalizes low quality in the pool system. The rate of payment is fixed for the basic kilo. The number of basic kilos is obtained by applying the relevant class percentage on the differential scale to the quantity of coffee in the outturn. For example, if 1,000 kg of an outturn are placed in class IV and if the conversion factor for class IV is 107 per cent, the grower will receive the fixed rate for each basic kilo multiplied by 1070 kg. If the coffee is placed in class VI and if the factor for that class is 95 per cent, the grower will be paid for 950 kg. The differential scales used in the 1970/71 - 1979/80 crop years are given in annex VII.

151. In the case of hard coffees, which do not go through the classification system, CAT simply returns the proceeds to the villages and/or co-operative societies after the coffee has been sold.

152. The size of the initial payment depends on the expectations of the market. Usually, as indicated, it is 75 per cent of the anticipated total proceeds for all coffee.

153. The advance payment, CAT charges including its administrative expenses, statutory deductions, various processing costs met in order to prepare coffee for auction, coffee export tax, etc., are deducted from the initial payment.

(c) Interim payment

154. At a later stage, perhaps three to four months from the initial payment, there may be made a further payment, known as "interim payment", when funds allow. The size of the interim payment depends on the proceeds from the auctions, the CAT projection and evaluation of the market trends, etc. Usually this payment is smaller than the advance payment.

(d) Final payment

155. Final payment is made at the end of the season, after the last coffees have been sold and all accounting has been completed. The total payment per basic kilo is the total sales proceeds divided by basic kilos sold. The final payment is the difference between the total receipts and the sum of the initial and the interim payments. Final payment is usually not very large as the intention is that as much as possible is paid as early as possible.

3. Safeguards for growers' interests in the pool system of pay-out

156. Whilst under the pool system it is essential that the work of the liquoring department of the Authority be carried out with the highest possible degree of efficiency, there is always the possibility that the liquorer's assessment by classification may not agree either with the grower's own ideas of the quality of the coffee or the buyer's valuation when the coffee comes up for sale. To safeguard the grower in such cases there are two methods possible for adjustment. The first is by appeal against classification on the part of the grower and the second by raising the classification following the scale of the coffee in question.

(a) Appeal against classification

157. Any grower who is dissatisfied with his classification as shown on his liquoring report may make an appeal. To do this he requests his association, CAT zonal office or co-operative union when the growers' co-operative societies are re-established, to complete an appeal form and send it to the Authority together with the appeals fees fixed by the Authority. This fee is necessary not only to stop fictitious appeals but to pay the appeals panel experts for their work on the appeal. The appeal is sent to a panel of experts appointed by the Wild Coffee Trade Association of Eastern Africa. They are given samples of the coffees in dispute but no identity of grower, village or society. Appeals are carried out in the strictest confidentiality. The result of the appeal is final, the coffee being either upgraded to the new classification as given by the pannel, remaining at its previous classification, even if a lower classification is recommended by the appeals panel.

158. This means that the grower cannot lose an appeal, but in any case he has to pay the fee. However, exceptionally, where an up-graded coffee is subsequently sold at a price lower than the new classification, then the coffee reverts to its original assessment as given by the liquorer.

(b) Post-sale up-grading

159. Where a coffee in auction obtains a price equal to the average price of a higher classification, that coffee will be upgraded to the better class. Should there be no higher classification on the sale catalogue then the coffee may still be upgraded if it received a price of shs 20 or more above the next higher price in its class and grade.

160. These two safeguards ensure the grower the best possible classification for his coffee. There is no down-grading on appeal or on auction results as this is considered likely to work against the interests of the grower whose coffee may be held up in reaching the market.

4. Reasons for and advantages of pool system

161. The pool system was introduced by the Tanganyika Coffee Board in the crop year 1968/69 for the following reasons:-

(a) It was considered to be a truly co-operative method of making payment to the grower. It allows for all the growers to receive the same price for the same quality throughout the coffee year and the vagaries of the market do not affect the pay-out;

(b) It was also introduced because of the sales restriction imposed under the International Coffee Agreement's export quota system which calls for holding coffee back from sale to regulate the flow into the market. This means that one grower's coffee may have to be held back for several weeks during which time prices might change considerably. Equally, certain coffees have to be set aside for non-quota markets and other may be used for special contracts and private treaty sales. Under these circumstances, where direct and immediate selling is impossible in many cases, the pool system is the fairest to all growers, as they still receive the pay-out for their coffee classification;

(c) This arrangement is a great incentive to quality coffee production.

5. Disadvantages of pool system

162. Early season producers may have to wait a little longer for the balance of their money after receiving the initial payment quite early. However, the position is such that in any case early deliveries have to be held over until October before there is a sufficient quota to offer them against.

F. Tanzanian green coffee exports by destinations

163. Tanzanian coffee finds its way to all important markets of the world because of its quality and the system of marketing which allows buyers representing the trade all over the world to participate in the sale. Exports at relatively good prices are curtailed only by the ICO restrictions when its economic clauses are in operation i.e. when export quotas are imposed.

164. As mild coffee is sold on sample basis and in lots which are relatively small in each auction, in many cases buyers bulk their purchases either to make a type of their own as required by their clients overseas or to amass big enough quantities for consignment.

165. For many years the most significant markets for Tanzanian coffees have been the United States which tops the list for quantity and the Federal Republic of Germany which is the best customer for quality. The Netherlands, Sweden, the United Kingdom, Canada, Australia and Japan are also regular buyers of sizeable quantities. Table 14 also shows the destinations of Tanzanian exports of green coffee over the years.

G. Local roasting and consumption of coffee

166. Domestic coffee consumption is evidently still low. It seems that there are several obstacles to increasing it. Firstly most of the people, being members of coffee growing families, prefer to sell the coffee they produce for cash and instead buy tea which is relatively cheaper on the market. Secondly the quality of coffee available on the market is, in many cases, not suasive. Thirdly from the colonial heritage the people acquired the habit of drinking tea, the drink of their masters. Fourthly the people have been to believe that coffee causes heart ailments.

167. To change people's attitude towards coffee drinking, the Tanganyika Coffee Board and now the Coffee Authority of Tanzania have, since 1970, taken positive steps to increase consumption. These have included making coffee for local consumption available at reasonably low price by means of subsidy, making good quality coffee available on the local market and advising the public on proper coffee making methods, by what is known locally as the "Better Brewing Campaign".

168. The Better Brewing Campaign provides the public with samples of properly roasted and well brewed coffee. It teaches individuals, clubs and restaurant and hotel personnel the best techniques of preparing and serving coffee. A mobile unit of the Authority and the staff of the CAT Coffee Bars which are in Moshi, Arusha, Dar es Salaam and Tanga are engaged in this campaign. The Authority intends to open coffee bars in other centres of the country as experience has shown that the endeavours have been effective.

169. The trend of local roasted coffee sales and consumption can be seen in table 15.

170. Most of the coffee consumed locally is manufactured by the Tanganyika Instant Coffee Company Ltd. (TANICA) whose factory is located at Bukoba with a capacity of 27,500 bags of green coffee a year (equivalent to 550 tons of soluble coffee) which became operative in 1967/1968.

171. It will be noted from table 15 that the quantity of locally roasted coffee has drastically dropped down since 1977/78 season owing to the closure, early in 1977, of the boarder between the United Republic of Tanzania and Kenya which used to take the bulk of the soluble coffee produced by TANICA.

172. TANICA is the only company manufacturing soluble coffee in the East and Central Africa.

H. Mode of operation of the various coffee markets vis-à-vis the Tanzanian coffee market

172. The Coffee Authority of Tanzania is legally the sole organization responsible for the marketing and export of coffee and for controling and fixing the prices to be paid from time to time for coffee and its by-products exported or sold for the purposes of local industries.

173. The only country that sells coffee following a system similar to that used by the United Republic of Tanzania is Kenya. Both countries produce similar types of coffees and sell to the same buyers. However, because of their relatively small volume of coffee they both produce and the fact that both coffees are sought for blending purposes, the difference in prices obtained from their offers, quality for quality, are not significantly pronounced, and in many cases prices are above those quoted for all other types in the main markets of the world viz. Hamburg, London and New York. As the Tanzanian coffee industry does not involve processing beyond the green coffee stage as most of it is purchased by the consumer in green form, and in view of the small quantities produced it offers limited opportunity for maximazation of the value added component of the exported product.

I. Involvement of producers' associations in decisions affecting coffee marketing

174. The composition of CAT Board of Directors has not been favoured the growers who have felt that the members of the Board do not receive their mandate directly from them or the villagers. Under the coffee Ordinance of 1961, which was repealed by the Coffee Industry Act 1977, members on the TCB were nominated by designated co-operative unions and appointed by the Minister.

Table 15. Locally roasted coffee, sales and consumption(1)

Season	Quantity	
1962/63	(60 kilo bags)	
1963/64	2,161	
1964/65	4,145	
1965/66	7,138	
1966/67	6,582	
1967/68	12,922	
1968/69	8,888	
1969/70	13,079	
1970/71	32,099	
1971/72	21,350	
1972/73	22,000	* (2) rounded by ICO period of reference July/June
1973/74	16,000	* (2) rounded by ICO
1974/75	61,044	
1975/76	87,816	
1976/77	93,312	
1977/78	33,474	
1978/79	49,986	
1979/80	47,400	

Source: (1) CAT

(2) ICO Coffee in Tanzania, 1978, (figures rounded); Period of reference July - June.

175. Since the Government has now heeded the growers' appeals and has agreed to resuscitate the co-operative movement (16), it most likely that it will also be agreed to re-adopt the system of having directors nominated by the unions, hence the growers, used while the Coffee Industry Ordinance of 1961 was in force when the representation on the Board was as follows:

(a) Two members representing each of the following co-operative unions:

The Bukoba Co-operative Union Ltd.

The Kilimanjaro Native Co-operative Union Ltd.

The Tanganyika Coffee Growers Association;

(b) One member representing each of the following co-operative unions:

The Mbinga Native Co-operative Union Ltd.

The Arusha Region Co-operative Union Ltd.;

(c) One member representing both:

The Mbeya Co-operative Union Ltd.;

(d) Four members appointed by the Minister three of whom are ministerial representatives from:

KILIMO (Ministry of Agriculture)

The Ministry of Commerce and Industries, and

The Ministry of Economic Affairs and Development Planning.

176. Should this structure be re-established the growers' organizations will again, to some extent, be directly involved in the decisions made by the CAT Board of Directors for marketing their coffees. However, even though the present CAT Board of Directors is not made up of members nominated by the growers' organizations it is nevertheless fully committed to protecting the interests of the growers and maximizing gains from sales of their coffee. It has no room either legally or in accordance with the Ujamaa policy to entertain the business manouevres in the country's green coffee trade. This is why the Tanzanian Government is even in the process of nationalizing the remaining coffee estates owned by non-Tanzanians.

V. DISTRIBUTION OF GAINS FROM COFFEE SALES

177. CAT, after selling coffee and deducting its expenses and levies from proceeds, returns the balances to the growers. Since therefore the coffee export tax is not in any way either an expense or reimbursement for money spent or service rendered, it is, in the final analysis, an appropriation from gains obtained from coffee sales. However, coffee export tax was abolished by government early in 1981 thus conceding all the gains from coffee to the growers. (16)

178. The distribution of proceeds from coffee sales are shown in table 16 and the rates at which the coffee export tax has been levied on the proceeds is shown in annex VIII.

Table 16. Export tax, estimated marketing costs and share of producers in export prices, all coffee, 1969/70-1978/79
(TS s/kg clean coffee basis)

Year	Sales price (a) TSh/kg	Deductions				Producer price TSh/kg	Percentage
		Export tax TSh/kg	Percentage	Marketing costs (b) TSh/kg	Percentage		
1969/70	6.705	0.553	8.2	0.743	11.1	5.409	80.7
1970/71	6.213	0.611	9.8	0.726	11.7	4.876	78.5
1971/72	6.581	0.609	9.3	0.755	11.5	5.217	79.3
1972/73	7.569	1.355	17.9	0.760	10.0	5.454	72.1
1973/74	9.574	2.350	29.8	0.923	9.6	5.801	60.6
1974/75	7.682	1.226	16.0	0.895	11.7	5.561	72.4
1975/76	18.271	3.451	18.9	2.192	12.0	12.628	69.1
1976/77	40.027	17.424	43.5	3.297	8.2	19.306	48.2
1977/78	27.408	11.427	41.7	3.307	12.1	12.674	46.2
1978/79	23.631	8.654	36.6	4.104	17.4	10.748	45.5

Source: CAT and foot-note 6.

a) Average export price, all coffees (except 1969/70 which is average price for total sales including domestic).

b) Including TCB/CAT costs and deductions, union and society levies up to 1975/76, and village levy recent years.

VI. SUMMARY AND CONCLUSIONS

179. The United Republic of Tanzania has taken all steps to ensure that the whole of the coffee industry is in the hands of Tanzanian producers.

180. Shortly after independence, all free hold land tenure was abolished and replaced with leaseholds, and thus weakening the participation of non-Tanzanians and foreign companies in the production of coffee.

181. In the year 1961, the year of independence, an act established the sole coffee marketing organization, the Tanganyika Coffee Board and created the Central Marketing for Tanzanian coffee, explicitly excluding all kinds of entreprenurial involvement in all aspects of coffee marketing.

182. Besides ensuring that all coffee in all stages of production and primary marketing is properly handled by the growers and their statutory organizations, namely the villages and co-operative societies, both the Government, and under the new act, the Coffee Authority of Tanzania have striven to help the growers to produce more and better quality coffee. CAT issues coffee seedlings free to the farmers and subsidizes inputs and its coffee officers gives free advisory extension services to the growers in all aspects of coffee husbundry and processing.

182. The authorities have constantly reminded the growers that they must bear in mind that in a world of overproduction the only way by which they can obtain the best possible returns for their production is to upgrade the quality by better husbandry and proper preparation and processing.

183. The growers are also consistently reminded that it is mainly during wet processing and storage stage that their coffee is at its most vulnerable, easily damaged and easily susceptible to taints, and that otherwise potentially first-rate coffee can be irreparably damaged.

184. The United Republic of Tanzania is well aware that most coffee producing countries are considered to be among the developing countries of the world and most of them look to coffee to earn all important foreign exchange. The competition is necessarily great and for any country to get a better price than its competitors it has to offer an incentive to the buyer, the only possible one being quality. If it cannot offer something of better quality to the buyers, then it has no alternative but to enter into bargains and special facilities which, for instance in the case of the small and specialized Tanzanian crop, are not feasible in competition with the larger producers.

185. To say that poor quality coffees can be set aside for new markets is misleading, for although the Authority's marketing policy does allow for this, countries in the list of new markets also have standards and will buy only the best available, and they have great choice.

186. However, by selling good quality coffee to non-quota markets the seller country can establish its name in the buying country by creating demand for its coffee type and, within certain units, acquire dependable clients who would still cling to their usual type of coffee when their country is classified by ICO to be a quota market.

187. Among the reasons why the United Republic of Tanzania opted to centralize its coffee marketing were to make it possible to meet the quota obligations imposed by ICO, to promote orderly marketing, to maximize foreign exchange earnings and, equally important, to eliminate involvement of and dependence on foreign interests in the industry prior to sale of the export produce. This is also in compliance with the Tanzanian policy of self reliance.

188. This system has worked well and has achieved most of the objectives for which it was set up. It has succeeded in uniting all the coffee growers and their endeavours in coffee production, processing and preparation for sale under one aegis, CAT, which is able to look after their interests. Marketing of coffee has been more orderly, easier and more lucrative than in former days when the co-operative unions independently sought markets for their produce.

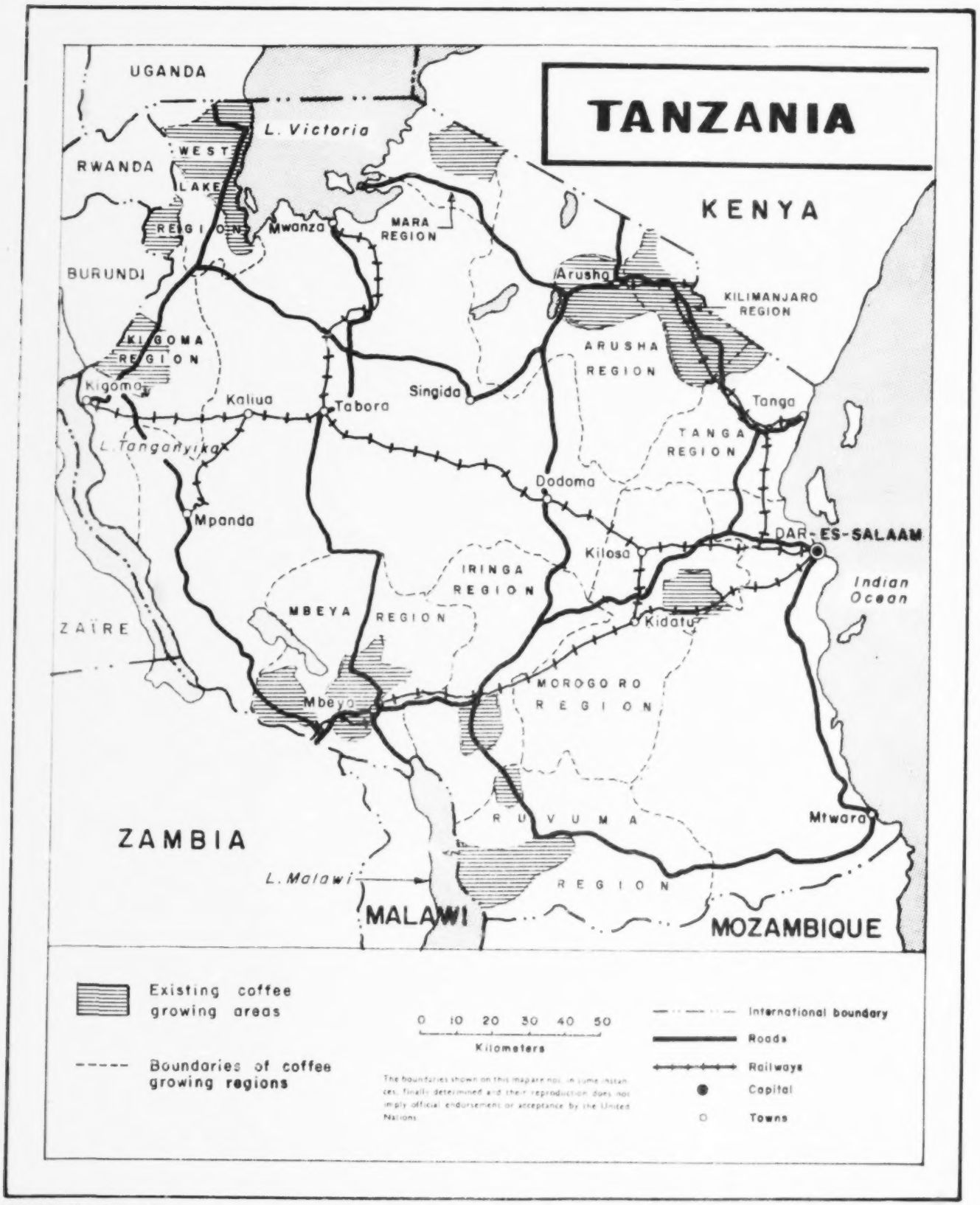
189. Despite this orderly marketing and the help which TCB/CAT has rendered to coffee farmers, the industry has been depressed and sluggish. Production has remained stagnant for several years, expansion is not in prospect and quality has been on decline.

190. The single main cause for this state of affairs has been the declining share of growers in the export price brought about by government taxation. The share of tax in the average export price has been increasing more or less continuously throughout the last decade, whilst the growers have had to bear the brunt of ever-increasing costs of production and inflation which adversely affected their purchasing power in real terms. The Government has now, although belatedly, recognized this dangerous imposition and removed the tax which has been eroding growers' incentive to produce more and better coffee. With the tax abrogation and serious execution of the coffee improvement/development programme, there is much hope that both the quantity and quality of coffee will be on the upswing.

191. Moreover, the central marketing system for coffee and for that matter TCB/CAT have not yet managed to sell most of the coffee direct to roasters overseas or prepare it all the way through to the final stage i.e. roasting and packing it in the country ready for export. The main reasons for this deliberate omission have been, first and foremost, that the volume of coffee and especially mild Arabica produced is too small to make the venture worthwhile for the final consumer price would be too high. Secondly Tanzanian coffee because of its high quality is sought by buyers and roasters overseas for blending purposes to enhance the quality of inferior types. Thirdly experience over the years has shown that Tanzanian coffee, even in its lower grades, fetches better prices at auction than those offered by individual buyers and companies outside where competition plays a very important role to keep the prices up.

192. All in all and notwithstanding the few failures which TCB/CAT has had in achieving all its objectives, the central marketing system has succeeded in eliminating foreign interests and the involvement of transnational corporations in the Tanzanian coffee industry.

LOCATION OF PRINCIPAL COFFEE PRODUCING AREAS



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BASIC ECONOMIC STATISTICS

I.	Area:	Mainland	937,058 km^2
		Islands	2,644 km^2
		Total	939,702 km^2

II.	Population:	1967:	11,900,000
		1971:	13,300,000
		1975:	14,300,000
		1978:	17,527,564

III. Population growth rate: 3.3 per cent

IV. Population density*: 19.3 per km^2

			(in Tanzanian shillings)
V.	Gross domestic product:	1967:	7,343,000,000
		1971:	9,797,000,000
		1975:	18,583,000,000
		1978:	29,993,000,000
	1978: (i) Agriculture		16,255,000,000
	(ii) Mining		121,000,000
	(iii) Manufacturing		2,860,000,000
	(iv) Transport and construction		2,555,000,000
	(v) Services		2,679,000,000

VI. Annual rate of growth of the economy: 4.8 per cent

VII. Estimated per capita national income: TSh 1,200 ($ US 150)

Source: Annual Economic survey.

VIII. Production of main export crops ('000 Tons)

	1975	1976	1977	1978	1979	1980
Coffee seed	62.4	55.4	48.7	51.5	49.3	47.9
Cotton	179.4	246.7	197.1	153.9	183.7	174.1
Lint cotton	59.2	81.4	65.1	50.8	56.0	60.6
Sisal	124.0	113.7	105.0	91.0	81.4	86.0

IX. Consumer Price index

	1976	1977	1978	1979	1980
1969 = 100	207.6	231.8	260.0	293.6	382.4

X. Rate of exchange (TSh/$ US)

As at:

31/12/77	Sight	1 $ US	= TSh	7.91277
	Selling	1 $ US	= TSh	7.99230
30/12/78	Sight	1 $ US	= TSh	7.37776
	Selling	1 $ US	= TSh	7.45191
29/12/79	Sight	1 $ US	= TSh	8.18006
	Selling	1 $ US	= TSh	8.26263
31/12/80	Sight	1 $ US	= TSh	8.14067
	Selling	1 $ US	= TSh	8.22296
5/9/81	Sight	1 $ US	= TSh	8.30933
	Selling	1 $ US	= TSh	8.39405

Sources:
1. 1978 Population Census. Preliminary Report, Ministry of Planning and Economic Affairs, Government of the United Republic of Tanzania, June 1981.
2. Annual Economic Survey, Ministry of Planning and Economic Affairs, Government of the United Republic of Tanzania, June 1981.
3. Bank of Tanzania.

TANZANIAN COFFEE CHEMICAL ANALYSIS REPORT

GREEN COFFEE

Water content:	9.85%
1,000 bean weight:	169.4g
Extract content:8	29.0%
pH value:	5.59
Free acid n-NaOH/100g:	30.2ml.
Minerals:	3.70%
FAT	16.5%
Coffeine:	1.32%
Trigonellin:	0.93%
Chlorogenic acid:	5.04%
Neuchlorogenic acid:	0.22%
Isochlorogenic acid:	0.69%
Sum of the three chlorogenic acids:	5.95%

ROASTED COFFEE

(Except for shrinkage all values converted to dry substance of green coffee .

Shrinkage:	12.0%
Extract:	30.6%
pH value:	4.6
Free acid n-NaOH/100g:	39.2ml.
Chlorogeinic acid:	2.05%
Neochlorogenic acid:	0.54%
Isochlorogenic acid:	0.06%
Sum of the three chlorogenic acids:	2.65%

Source: Gordian Max Rieck, GmbH, Publishers, Hamburg, Federal Republic of Germany, Green and Roasted Coffee Tests, p. 143.

TANGANYIKA COFFEE REPORT AND CLASSIFICATIONS - T. C. B.

RAW ROAST AND LIQUOR DETAILS OF A GRADE

DATE: 28/7/81

RAW			ROAST			LIQUOR		
Size	Colour	Quality	Type	Centre Cut	Quality	Acidity	Body	Flavour
Very bold	Bluish	Fine	Brilliant	White	Fine	Pointed	Full	Fine
Bold	Greyish Blue	Good to Fine	Bright	Medium	Good	Medium	Medium	Good to Fine
Medium	Greyish Green	Good	Ordinary	Brownish	Fair to Good	Light Medium	Light	Good
Mixed	Grenish	Fair to Good	Irregular	Uneven	F.A.Q. Plus	Light	Lacking	Fair to Good
Small	Brownish Grey Green	F.A.Q. Plus	Dullish			Lacking	Harsh	F.A.Q. Plus
Very Small	Brownish	F.A.Q.	Dull		F.A.Q.			F.A.Q.
	Pale	F.A.Q. Minus			F.A.Q. Minus			F.A.Q. Minus
	Brown	Poor to Fair			Poor to Fair			Poor to Fair
		Poor			Poor			Poor
		Very Poor			Very Poor			Very Poor
Remarks:- Underdry and faded foxy, several immature beans.			Mixed			Sourish		

CLASSIFICATIONS

	AA	A	PB	B	E	AF	TT	C&T	F	MP	Others
1											
2											
3											
4											
5											
6											
7											
8	8	2									
9											
10			10	10	10	10	10	10			
11											
12											
13									13		
14											
15											
16											TEX
17											

COFFEE AUTHORITY OF TANZANIA

WEEKLY COFFEE AUCTION SALES REPORT 1980/81

QUOTA YEAR

a) MILD ARABICA: SALE NO. CAT/M/16 HELD ON 26 MARCH 1981

	BAGS		PRICE PER 50 kg		
GRADE	OFFERED	SOLD	HIGHEST	LOWEST	AVERAGE
PB	1998	1998	1357.00	1146.00	1232.11
AA	4454	4454	1600.00	1220.00	1273.30
AB	9449	9449	1359.00	1201.00	1285.34
E	121	121	1102.00	1102.00	1102.00
F	1725	1725	1110.00	875.00	1012.31
TOTAL	19939	19939	AVERAGE FOR SALE		1232.11

b) HARD ARABICA: SALE NO. CAT/H/1 HELD ON 26 MARCH 1981

	BAGS		PRICE PER 50 kg		
GRADE	OFFERED	SOLD	HIGHEST	LOWEST	AVERAGE
BUKOBA ARABICA FAQ	570	570	720.00	720.00	720.00
MARA ARABICA	1171	1171	893.00	800.00	38.90
TOTAL	1741	1741	AVERAGE FOR SALE		828.89

TOTAL	DEALERS STOCKS AS AT 1.10.80	SALES TO DATE	AVERAGE PRICE PER 50 kg	TOTAL PER EXPORT
MILD ARABICA	37,488	459,033	1195.24	496,521
HARD ARABICA		4,495	866.35	4,495
ROBUSTA	15,616	93,601	939.32	109,217
TOTAL	53,104	557,129		601,233

COFFEE AUTHORITY OF TANZANIA

COFFEE BUYERS BATTING LIST AS AT 26 MARCH 1981

BUYERS	MILD ARABICA			HARD ARABICA			ROBUSTA			TOTAL TO DATE		
	SALES NO CAT/M/16	SALES TO DATE	RANK	SALE NO CAT/H/1	SALES TO DATE	RANK	SALES TO DATE	RANK	WEEKLY SALES	SALES TO DATE	PERCENT-AGE	RANK
GAPEX	129	122,325	1		2754	1	75,145	1	13,834	197,470	35.45	1
CAT Export Division	1126	89,098	2		2754	1	14,308	2	4,512	98,116	17.62	2
Soochak Esmail	1898	58,584	3				1,898		1,898	58,584	10.52	4
Coffee Exporters	4661	55,491	4	666	666	2			6,327	64,201	11.53	3
Milde & Company	81	25,017	6						81	25,017	4.49	6
Ichibo Estates	2795	26,219	5						2,795	26,219	4.71	5
Car & General	2967	20,209	7	331	331	3			3,298	20,540	3.69	7
K. N. Tarimo	3309	16,230	8						3,309	16,320	2.92	8
African Coffee		10,733	9							10,733	1.93	9
Vohora Brothers	1395	10,353	10	239	239	6			1,634	10,592	1.90	10
Taylor Winch	315	9,151	11						315	9,151	1.64	11
Tanken Cafe	963	5,819	12						963	5,819	1.04	12
Alanood	100	3,192	13	252	252	5			352	3,444	0.61	14
Sheriff Dewji	200	2,743	14	253	253	4			453	2,996	0.53	15
Kenna Coffee		1,962	16							1,962	0.35	16
Cetco		1,771	16							1,771	0.31	17
Holland Overseas		136	17							136	0.02	18
CAT							4,148	3		4,148	0.74	13
TOTAL	119939	459,033		1741	4495		93,601		39,771	55,129	100.00	

LOCAL ROASTING

Tanzanian Tea Blenders	2,613
Tanzania Instant Coffee Company	1,021
Bukoba Coffee Roasters and Packers	833
Coffee Authority of Tanzania	288
Mayur and Company	66
TOTAL	4,921

Annex VI

MILD COFFEE QUALITY DIFFERENTIAL SCALE

(Percentages used by CAT in payment)

	1979/80	1978/79	1977/78	1976/77	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71
1	107	110	110	110	114	114	114	114	114	130
2	105	107	107	107	109	109	109	109	109	120
3	103	105	103	107	107	107	107	107	107	112
4	102	103	103	103	103	103	103	103	103	107
5	100	100	100	100	100	100	100	100	100	100
6	99	99	99	99	96	96	96	96	96	95
7	95	95	95	95	94	94	94	94	92	93
8	93	92	92	92	91	91	91	91	90	80
9	91	88	88	88	85	85	85	85	85	77
10	88	84	84	84	80	80	80	80	80	73
11	85	82	82	82	78	78	78	78	78	60
12	83	81	81	81	76	76	76	76	76	55
13	79	77	77	77	70	70	70	70	70	50
14	77	70	70	70	68	68	68	68	68	45
15	75	66	66	66	64	64	64	64	64	40
16	73	62	62	62	60	60	60	60	64	30
17	70	59	59	59	53	53	58	58	61	25
Other										

Note: narrowing down of price differentials for quality coffee above FAQ class and the broadening of those below FAQ class since 1975 as the price level became relatively high after the killer frost in Brazil (1975).

TAX

GREEN COFFEE EXPORT STRUCTURE

ARABICA AND ROBUSTA

Auction Prices	(TSh/Ton) Basic Tax	Incremental Tax
9,000	Nil	Nil
9,000 - 11,000	Nil	12% of price above 9,000
11,000 - 13,000	250	25% of price above 11,000
13,000 - 15,000	750	35% of price above 13,000
15,000 - 17,000	1,450	45% of price above 15,000

TAX RATES AT SELECTED PRICES AT AUCTIONS

Price at auction	Export tax	Tax as a percentage of auction price
9,000	0	0
10,000	125.00	1.25
12,000	500.00	4.16
14,000	1,100.00	7.86
16,000	1,900.00	11.88
18,000	2,900.00	16.11
20,000	4,000.00	20.00
22,000	5,200.00	23.64
24,000	6,400.00	26.66
26,000	7,600.00	29.23
28,000	8,800.00	31.43
30,000	10,000.00	33.33
32,000	11,200.00	35.00
34,000	12,400.00	36.47
36,000	13,600.00	37.78
38,000	14,800.00	38.95
40,000	16,000.00	40.00
42,000	17,200.00	40.95
44,000	18,400.00	41.82
46,000	19,600.00	42.22
48,000	20,800.00	43.33
50,000	22,000.00	44.00

Source: Coffee Authority of Tanzania

References

1. See the Map of Tanzania – Annex I

2. See Tanzania Basic Economic Statistics – Annex II

3. The percentage participation of individual producing member countries is likely to decrease when Brazil coffee industry will have fully recovered from the 1975 killer frost.

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7. The Coffee Industry Act 1977.

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9. J.H. Speke, The Journey of Discovery of the Source of the Nile. pp. 247 and others.

10. These Chiefdoms were dissolved by statute in 1962.

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12. A. McCullum, Department of Agriculture, Lake Province, Tanganyika Agricultural Policy in West Lake Division, December 1955 – Mimeo paper.

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15. CAT

(i) This clause does not bind CAT which is not a member of the Association. It rather concerns the buyers who are, nearly all, members of it (the Association).

(ii) Auctions usually start at 9.30 a.m. (or near thereto) on Thursday.

(iii) Prompt Date = Seventh Day after the sale.

16. Tanzania's Prime Minister's Speech in the 1981/82 Budget session.

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